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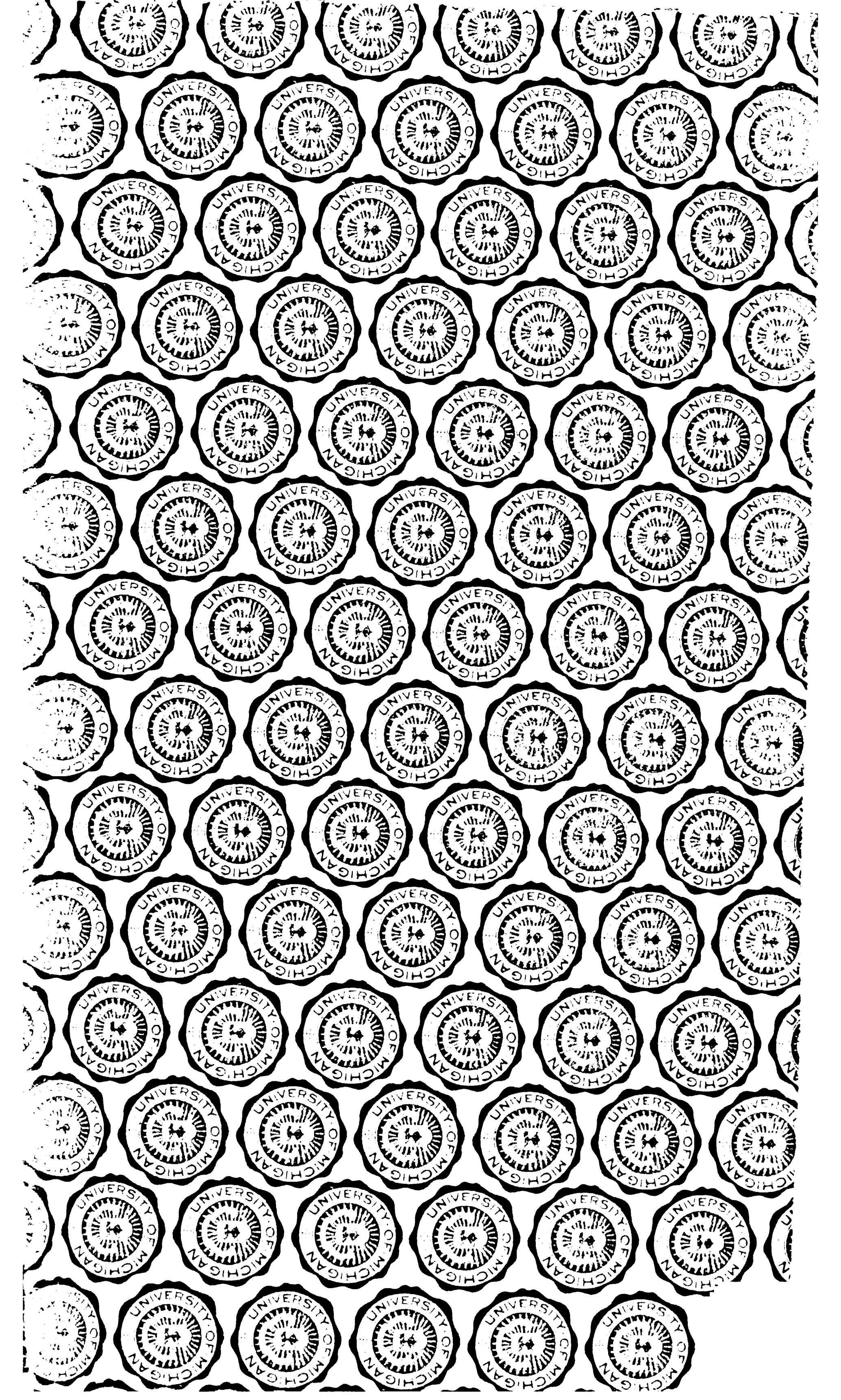
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ADMINISTRATION OF PHILIPPINE LANDS

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REPORT

BY THE COMMITTEE ON INSULAR AFFAIRS
OF THE HOUSE OF REPRESENTATIVES OF
ITS INVESTIGATION OF THE INTERIOR DE-
PARTMENT OF THE PHILIPPINE GOVERN-
MENT TOUCHING THE ADMINISTRATION OF
PHILIPPINE LANDS AND ALL MATTERS OF
FACT AND LAW PERTAINING THERETO, IN
PURSUANCE OF HOUSE RESOLUTION NO. 795

(IN TWO VOLUMES)

VOLUME 2



MARCH 3, 1911.—Submitted by Mr. OLMSTED, from the Committee on Insular
Affairs, and ordered to be printed. (To accompany H. Res. 795)

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INVESTIGATION OF THE INTERIOR DEPARTMENT OF THE PHILIPPINE GOVERNMENT.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INSULAR AFFAIRS,
Thursday, January 5, 1911.

The committee met at 10 o'clock a. m., Hon. Marlin E. Olmsted (chairman) presiding.

The following members of the committee were present: Messrs. Olmsted (chairman), Crumpacker, Hamilton, Parsons, Madison, Douglas, Jones, Fornes, Rucker, and Larrinaga.

TESTIMONY OF MR. DEAN C. WORCESTER—Continued.

The CHAIRMAN. I think, Mr. Worcester, you said that you were ready now to submit some matters that were asked of you, but which you had not in hand at the last meeting?

Mr. WORCESTER. Yes, sir; I have now secured nearly all the additional information which was requested by the committee and not furnished prior to the recess, and I have also gone through the testimony and desire to call attention to one or two errors that have crept in there and to amplify in several cases the statements that I myself have made.

I have here to submit to the committee a statement up to September 30, 1910, showing the total sales and leases of friar lands, by number, the number of parcels, and areas of parcels in acres; also the same information in regard to sales and leases of such lands to other than natives of the Philippine Islands, and the ratio of both sales and leases of others than natives to the total sales and leases.

The first table includes all transactions; the Poole sale, the lease of the Isabela estate, which has now probably fallen through, and the Thayer leases, which have also now fallen through.

Believing that the purpose of the committee was to find to what extent these particular transactions had been followed by similar ones, or at least to what extent they had been supplemented by transactions with people other than natives of the Philippines, I have caused a second table to be prepared with these transactions omitted, and this shows that the ratio of total purchasers and lessees, other than natives, to the total number of purchasers and lessees is, as regards number, 0.29 per cent; as regards the number of parcels, 1.13 per cent; and as regards the area in acres, 6.82 per cent. In other words, the transactions have been very small.

(The tables referred to by Mr. Worcester follow:)

Statement to Sept. 30, 1910, showing the total sales and leases of friar lands, by number; number of parcels and areas in acres; also the same information in regard to sales and leases of such lands to other than natives of the Philippine Islands, and the ratio of both sales and leases to others than natives to the total sales and leases.

	Number.	Parcels.	Area in acres.
Total sales.....	8,847	15,968	132,233.33
Sales to others than natives of the Philippine Islands.....	39	142	64,593.45
Ratio of sales to others than natives to total sales..... per cent..	0.44	0.89	48.79
Total leases.....	20,538	22,285	144,323.75
Leases to others than natives of the Philippine Islands.....	300	598	64,296.59
Ratio of leases to others than natives to total leases..... per cent..	1.49	2.68	44.75
Estimated number of lessees.....	11,300		
Number of lessees other than natives.....	25		
Ratio of all other lessees to total number of lessees..... per cent..	0.22		
Grand total of purchasers and lessees (estimated).....	20,147	38,253	276,557.08
Grand total of purchasers and lessees other than natives.....	64	740	128,890.04
Ratio of total purchasers and lessees other than natives to the total number of purchasers and lessees, per cent.....	0.3	1.93	46.6

If in the foregoing statement are omitted from the sales data the names of E. L. Poole, who purchased the San Jose estate (2 parcels); Harry Rosenberg, who purchased 23 parcels of the Santa Rosa estate; E. B. Bruce, who leased 157 parcels of the Isabela estate; and Thayer, who leased 128 parcels of the Calamba and Bifan estates, the showing would be as follows:

	Number.	Parcels.	Area in acres.
Total sales.....	8,822	15,943	72,531.59
Sales to others than natives of the Philippine Islands.....	37	117	4,891.71
Ratio of sales to others than natives to total sales..... per cent..	0.42	0.73	6.74
Total leases.....	20,535	22,000	¹ 85,948.07
Leases to others than natives of the Philippine Islands.....	357	313	5,920.91
Ratio of leases to others than natives to total leases..... per cent..	1.74	1.42	6.89
Estimated number of leases.....	11,300		
Number of lessees other than natives.....	23		
Ratio of all other lessees to the total number of lessees..... per cent..	0.2		
Grand total of purchasers and lessees (estimated).....	20,122	37,943	158,479.66
Grand total of purchasers and lessees other than natives.....	60	430	10,812.62
Ratio of total purchasers and lessees other than natives to the total number of purchasers and lessees, per cent.....	0.29	1.13	6.82

¹ Estimated.

MR. WORCESTER. I was further asked to submit, if possible, information relative to the population of each estate, and I thought it probable that the committee desired to know not only the total population, but the density of population. Of course, if an estate were small, the total population might be small, but yet the density might be very great. I have therefore had prepared and submit a table showing the population of each estate, the area of each estate in square miles, and the population per square mile.

(The table referred to by Mr. Worcester follows:)

Population of each estate, the area in square miles, and the population per square mile.

Estates.	Estimate showing population on each estate, based on census of 1903.	Area, in square miles.	Population, per square mile.	Remarks.
Banilad.....	10,000	7.52	1,330.0	Includes part of city of Cebu and town of Mabolo.
Binagbag.....	849	1.15	738.0	
Binan.....	9,308	14.29	651.0	Includes entire municipality of Binan.
Calamba.....	8,457	53.41	158.0	Includes entire municipality of Calamba.
Dampol.....	3,292	3.63	907.0	Includes poblacion of municipality of Quingua and several barrios.
Guiguinto.....	2,971	3.69	805.0	Includes poblacion of Guiguinto, several barrios, and three barrios of municipality of Malolos.
Imus.....	23,159	71.26	325.0	Includes entire municipality of Imus and part of Bacoor.
Isabela.....	185	77.70	2.4	
Lolomboy.....	14,047	20.22	695.0	Includes part of municipalities of Bocaue, Sta. Maria, and Meycauayan.
Malinta.....	3,131	13.96	224.0	
Matamo.....		.05	None.	
Muntinlupa.....	2,066	11.04	187.0	Includes entire town of Muntinlupa and several barrios of municipality of Taguig.
Nalc.....	3,178	29.78	275.0	Includes entire municipality of Nalc and part of municipality of Maragondon.
Orion.....	3,150	3.58	880.0	Includes poblacion of municipality of Orion.
Piedad.....	2,222	15.07	147.0	
S. F. de Malabon.....	16,442	44.72	368.0	Includes towns of Rosario Novaleta and S. F. de Malabon.
San Jose.....		90.88	None.	
San Marcos.....	235	.34	692.0	
S. C. de Malabon.....	8,792	38.26	230.0	Includes entire municipality of S. C. de Malabon.
S. M. de Pandi.....	14,550	40.40	360.0	Includes poblacion of municipality of Sta. Maria; also town of Pandi and several barrios of other municipalities.
Sta. Rosa.....	6,296	21.37	295.0	Includes poblacion and many barrios of town of Sta. Rosa.
Tala.....	1,003	26.16	38.3	
Talisay-Minglanilla.....	25,000	31.33	798.0	Includes entire municipalities of Talisay and Minglanilla.
Total.....	163,333	619.83	263.5	

Mr. WORCESTER. I have also had prepared a statement showing the percentage of the area of each estate which was occupied on October 1, 1910, with a note showing also the area and the percentage sold or leased, but unoccupied, if there is any unoccupied land upon it.

(The statement referred to by Mr. Worcester follows:)

Statement showing percentage of the area of each estate occupied Oct. 1, 1910, with a note showing also the area and the percentage of each estate sold or leased but unoccupied.

Estate.	Area available for sale, in acres.	Per cent of salable area occupied.	Foregoing excludes sales and leases to nonoccupants as follows:		
			Area A.	Per cent of estate.	
Banilad.....	4,728	70.0	Thayer leases.
Binagbag.....	705	83.0	.....	.....
Bifian.....	8,910	74.0	.....	.....
Calamba.....	32,538	23.0	8,220	25.0	
Dampol.....	2,318	100.0	.....	.....
Guiguinto.....	2,328	99.0	Bruce lease.
Imus.....	45,610	47.0	.....	.....
Isabela.....	48,765	.3	48,617	99.7	
Lolomboy.....	12,550	95.0	.....	.....
Malinta.....	8,795	95.0	.....	.....
Matamo.....	30	100.0	Poole sale.
Muntinlupa.....	7,063	64.0	.....	.....
Naic.....	18,175	48.0	.....	.....
Orion.....	2,385	92.0	.....	.....
Piedad.....	9,533	63.0	.....	.....
S. F. de Malabon.....	27,820	48.0	Thayer lease. Carpenter lease.
San José.....	56,213	.....	56,213	100.0
San Marcos.....	218	100.0	.....	.....
S. C. de Malabon.....	23,895	35.0	.....	.....
S. M. de Pandi.....	25,390	85.0	.....	.....
Santa Rosa.....	13,128	63.0	3,490	27.0	
Tala.....	17,480	69.0	4,925	28.0	
Talisay-Minglanilla.....	20,050	25.0	.....	.....
Total.....	388,627	40.0	121,465	31.0	

MR. WORCESTER. I was interrogated as to whether or not Gen. Edwards's telegram of December 4, 1909, which had to be corrected in my report to the Secretary of War, was sent in cipher. At the time I could not give the information, but I now find that it was sent in cipher to the Philippine Islands, which explains the small differences between the text of the original and the message as received.

In reading the testimony I note that on page 4 Mr. Martin uses the words:

With particular reference to the sale of one of these estates to an official of the Philippine Government.

And on page 5:

A. F. Thayer, probably of Manila, nominal purchaser of the Calamba estate.

I wish at this time formally to object to the continued talk of the sale of estates where there has been no sale of estates. I suppose that members of the committee now all know that on the Calamba estate, for instance, the Thayer lease covers 8,218 acres only, while the estate includes an area of 34,182.5 acres. Therefore it is entirely evident that there has been no sale and no lease of this estate to Mr. Thayer, but only a lease of a small portion of the estate amounting to considerably less than one-fourth.

As to Mr. Martin's statement concerning recommendations which have been made as to the limits in connection with land sales and leases, on page 18:

MR. MARTIN. * * * I can say now that never in any other hearings before the committees of Congress, at the time of the passage of this act and since—and those

hearings have been very voluminous—has it ever been suggested that land holdings in the Philippines should exceed 20,000 acres. That is the highest recommendation ever made by President Taft himself. He has expressly declared against these large sugar and tobacco estates, such as these lands have been sold for.

and the statement in Mr. Martin's speech on page 8492 of the Congressional Record, which reads as follows:

That within five months from the passage of the organic act by Congress July 1, 1902, the Philippine Commission was appealing to Congress to raise the 2,500-acre limitation on Crown lands which could be sold to corporations to 25,000 acres, in order that the islands might be exploited with sugar corporations.

Mr. Taft was at that time president of the Philippine Commission and Mr. Taft signed the report containing that recommendation.

I wish to call attention to one error in my report to the Secretary of War, page 65, to which Mr. Martin has referred in his testimony. The passage reads as follows:

It is obvious that the nature of the surveys of these two estates was such as to leave both in condition for sale "en bloc," as stated by Representative Martin, the only prerequisite for such sale being a boundary survey. But until June 3, 1908, there existed a provision of law which prevented their sale "en bloc"; or the sale of any occupied portion of them to persons other than occupants; or the sale of more than 40 acres, whether occupied or unoccupied, to any individual.

The words "whether occupied or" should be stricken out and the word "if" should be inserted. I can not account for the creeping of that error into my report. I labored under no delusion as to the facts, as will appear on page 50 of this same report, where this matter is dealt with more in detail, where I made the following statement with reference to it:

Reference to section 9 of the friar-lands act, which is appended hereto as Exhibit B, shows that while no "language" on this subject was incorporated in the act, the restrictions of section 15 as to area were incorporated by the commission, but with reference to unoccupied lands only.

The words "unoccupied lands only" are italicized.

The CHAIRMAN. From what are you reading?

Mr. WORCESTER. I am reading from my report to the Secretary of War. Mr. Martin has called attention to one passage in my report which is susceptible of the interpretation which he places upon it; in fact, it is incapable of any other interpretation.

Mr. PARSONS. In all these matters you are referring to friar lands?

Mr. WORCESTER. Yes, sir.

That same matter is fully discussed and my views are fully set forth on page 50. I have just called attention to the fact that there I emphasized the fact that the restrictions refer to unoccupied lands only.

Continuing the reading of the passage:

It did more than this. It subjected the unoccupied friar lands (not the friar lands as stated by Representative Martin, but only the unoccupied portion of such lands) to all the restrictions as to procedure contained in Chapter II of the public-lands act.

I want to say in explanation of several small slips of this nature which have crept into my report, including the omission of one cable-gram, that the report went through the printing office in Manila in 60 hours of continuous work and it was natural that some errors should require to be corrected.

I now wish to call attention to the statement made by Mr. Martin, which occurs on page 19 of the testimony and reads as follows:

I am coming now to some matters that take us a little away from the naked question of law, but show how inseparably some features of this inquiry are bound up in that

question. I want to show from the records which have been made up by the War Department—and by the War Department I mean in this case the Bureau of Insular Affairs—that they regarded the limitations as applying to the friar lands. I want to show that by Gen. Edwards's letter to Mr. Olmsted of January 28, 1910, published in the Congressional Record of March 28, 1910, at page 3388. I want to show it by the statement of Secretary of the Interior Worcester, of the Philippine Islands, in his report to the Secretary of War, August 29, 1910, at page 65, which is before the committee here in the form of a pamphlet entitled "The Friar Land Inquiry, Philippine Government."

Mr. Martin desires to show that I believed the limitations to apply to all the friar lands. This passage refers to the matter that I have just discussed, the matter of the contradiction in my report. I have quoted Mr. Martin's comments second and made my explanation of the contradiction first.

Mr. DOUGLAS. I do not see that reference on page 65.

Mr. WORCESTER. If you will look a little way down on the page, just below the italicized matter, you will find it.

The CHAIRMAN. You have corrected an error which you say crept in there?

Mr. WORCESTER. I have corrected an error which crept in there, in the incorporation of the words "whether occupied or unoccupied." That provision really referred only to the unoccupied land, and on page 50 in my report it was more fully discussed and the fact that it referred to unoccupied land only was clearly brought out.

The CHAIRMAN. Then you would eliminate the words "whether occupied or"?

Mr. WORCESTER. Yes, sir; and insert the word "if," so it will read "if unoccupied."

Referring now to Mr. Martin's statement on pages 23 and 24 of the testimony, taking the statement that begins at the bottom of page 23 and concludes at the top of page 24, I find the following words:

I have said that it was never suggested to Congress that these limitations did not apply.

He is now talking of the limitations of section 15 of the organic act. Also the following:

It was not known that they did not apply until the opinion of Attorney General Wickersham to that effect.

Referring to the same subject in his speech, as shown on page 8482 of the Congressional Record, he makes the following statement:

In my first speech on the subject, I called for a single recorded intimation from any source, prior to the opinion of Attorney General Wickersham, rendered on December 18, 1909, that the quantity limitations in the organic act do not apply to the friar lands; and I call for it again.

Nevertheless, in this same speech on page 8506 of the Congressional Record, Mr. Martin shows conclusively that the fact that these limitations did not apply was clearly stated in a document which was sent to the Congress of the United States, namely, the Report of the Philippine Commission for 1908, volume 2, pages 48-49. Referring to that matter, Mr. Martin says:

The enactment of this amendment led the insular secretary of the interior joyously to exclaim that "under the law as amended there is no limit as to the amount of land which can be purchased."

Gentlemen, Mr. Martin has quoted me correctly there. That document was submitted to Congress and is correctly referred to by him.

Referring to the amendatory acts which were passed (with a view to doing away with these limitations), Mr. Martin has made the following statement on page 28 of the testimony:

I want to say, first, that no fair interpretation of these acts will permit of any such construction as is claimed by the officials of the Philippine Government; that the acts only relate to procedure and other matters to be followed in attempting to sell in small parcels to tenants.

Here, then, we have a new contention. We have previously had the contention that the Philippine Legislature had no right to pass these amendatory acts, and here is the contention that, in passing that act, we did not succeed in removing the limitations. I desire simply to call your attention to what we really did.

Section 9 of the friar-lands act, before it was amended, read as follows—

The CHAIRMAN. You are referring now to acts passed by the Philippine Legislature?

Mr. WORCESTER. Yes, sir. Mr. Martin has contended always that we had not the right to amend that act in such a way as to strike out the limitations of section 15. He has further, as I now see by his testimony, advanced the contention that we did not accomplish this, and I wish simply to call clearly to the attention of the committee the fact as to just what did happen.

Section 9, in act No. 1120—the friar lands act—passed by the commission, before being amended, read as follows:

SEC. 9. In the event the chief of the bureau of public lands should find any of the said lands vacant, he is directed to take possession and charge thereof, and he may either lease such unoccupied lands for a term not exceeding three years or offer the same for sale, as in his judgment may seem for the best interests of the government, and in making such sales he shall proceed as provided in chapter 2 of the public-land act.

Now, gentlemen, if that does not impose the limitations of section 15 on the organic act as regards power, then those limitations are not imposed. That is the only language in the act which could be interpreted as imposing these limitations, and the nature of the amendment which was passed was to leave out those words—

and in making such sales he shall proceed as provided in chapter two of the public land act.

And to substitute for them the words—

and in making such sales he shall proceed as provided in section eleven of this act.

If you will refer to section 11, you will see that there was no such limitation there. In other words, we struck out altogether the provision imposing the restrictions of section 15 of the organic act and inserted in its place a reasonable provision, or one which we deemed to be reasonable, covering the subject.

Mr. Martin has referred to this matter in another place, on page 30 of the testimony, and has made a very definite statement, which reads as follows:

I say this, Mr. Douglas, there is no express repeal of the limitations; there is no reference to them, directly or indirectly; only a change of procedure.

I do not know what more express repeal there could have been than to strike out the whole passage which imposed the limitations and substitute for it something entirely different.

On page 37 of Mr. Martin's testimony I find the following:

Negotiations began in the Bureau of Insular Affairs for the purchase of this estate on September 3, 1909, which was just four weeks after the passage and signing of the Philippine tariff act providing for free trade between the United States and the Philippine Islands in sugar to the extent of 300,000 tons per annum, and cigars to the extent of 150,000,000 cigars per annum, this bill having become a law on the 5th of August 1909.

If, as claimed by Mr. Martin, the negotiations of Mr. J. Montgomery Strong were those which ultimately led to the sale of this estate, then they began, not in Washington on September 3, 1909, but at Manila early in April, 1909, four months before the passage and signing of the tariff act. In point of fact, the direct negotiations for the sale of the estate began through the agency of Messrs. Poole & Prentiss on the one hand and of Capt. Sleeper and myself on the other on October 12, 1909, at Manila.

The CHAIRMAN. October 12? I thought you said April?

Mr. WORCESTER. I said the "direct negotiations." I do not know whether Mr. Strong's investigations are really what led up to this transaction or not. There may have been transactions here in the United States of which I have no knowledge, but if this transaction to which Mr. Martin refers was connected with Mr. Strong's negotiations, the latter went further back than that; they went back to the time when Mr. Strong came to the Philippines, which was before the passage of this act and not afterwards.

The negotiations were begun without any intimation from any source whatever to us that Washington officials had any knowledge of our intention to sell this estate, or any part of it, in large tracts. Through the courtesy of Mr. Martin my attention has now been called to the fact that there exists documentary evidence that the Bureau of Insular Affairs was ignorant of our intention and efforts in the premises. It occurs in a letter from Gen. Edwards, dated September 27, 1909, to which Mr. Martin has referred, on page 63 of the testimony, as follows:

Mr. Worcester also states, as the evidence will show on page 44 of this report, that this cable of November 23 was his first intimation that the United States was interested in the sale of this estate or of the friar lands, and in connection with that statement I will recall the committee's attention to the fact that on September 27, just four days short of two months before that time, Gen. Edwards wrote him a lengthy letter, which I shall incorporate in these proceedings, asking him for full information about all of the friar estates that were to be sold over there.

I can not take the time of the committee now to go into all the contents of that letter. Not only that letter, which must have been then in Mr. Worcester's possession for two or three weeks, but others of these documents and the cablegrams that I have introduced show beyond any question he knew the United States was interested in the sale of these estates and of the San Jose estate.

You will note the very positive nature of Mr. Martin's statement as to the necessity for this letter's having been in my possession and as to what I knew. So far as I am aware, he has made no effort to find out the facts, but has made a gratuitous statement.

I now offer in evidence the bureau of lands' office copy of this letter and call particular attention to the indorsements on it as shedding some light on this matter.

The CHAIRMAN. What is the letter?

Mr. WORCESTER. The letter of Gen. Edwards of September 27, 1909, to which Mr. Martin refers.

The CHAIRMAN. It may be inserted in the record at this point.
(The letter submitted by Mr. Worcester follows:)

[Third indorsement.]

DECEMBER 4, 1909.

Respectfully returned to the honorable the Secretary of the Interior.

Regarding the reference in the letter of Gen. Edwards to the omission of the non-recurrent expenses from my report of August 6, 1909, same was intentional and necessary, as the bureau of public works was unable to furnish the information regarding expenditures at the time the report was prepared. The nonrecurrent expenditures for the year are shown, however, in the annual report of the bureau and aggregate ₱77,760.08, or something less than the estimate made in my indorsement of September 14, 1908, to which reference was made.

Gen. Edwards takes exception to including amounts shown as receipts from sales of lands in balancing the current expense account on the progress statement. I do not believe this exception is well taken, for the reason that expenditures made in relation to friar lands increase the capital account and receipts of whatever nature decrease the capital account in relation to friar lands. The statement submitted by me was merely a progress statement for the year and is by no means a financial statement of the friar lands' funds to date, as this bureau has no knowledge of what is done with the receipts from friar lands after same have been deposited with the treasurer. Furthermore, even if this bureau had absolute knowledge of all action in regard to friar lands funds, it is believed that all receipts, of whatever nature, properly become an offset to expenditures, the difference being made up in the area and value of lands undisposed of by the government at any given time. The friar lands transaction can not be covered by an ordinary commercial financial statement, as by law there can be no profit, but there may be a loss, and the law provides that each parcel of land increases in value by the addition of the expenses and interest applicable to said parcel and the regulations provide that the valuation of said parcel is decreased by the payments of rent or partial payments on account of sales and interest. It is exceedingly difficult to separate receipts from rents and receipts from partial payments on the value of the land, and attention is invited to the annual report of the director of lands for the fiscal year 1906, which states the method of obtaining the sale value of a parcel of land of the friar estates. This method of working out very satisfactorily and with advantage to the government, but it eliminates the value of keeping the rents distinct from the payments on the purchase price.

Until such time as all the friar estates have been classified and the areas of the various parcels computed and the sales value of each parcel ascertained, it is difficult to prepare a fair statement showing the exact situation with relation to friar lands, but attention is invited to the statement in the last annual report showing the status of friar lands which have been offered for sale. When the information given in this statement in relation to certain estates has been obtained on all estates, then a fair statement may be issued with regard to the actual status of friar lands, which statement may probably be completed during the fiscal year 1911.

It is believed also that Gen. Edwards has overlooked the fact that the ₱101,449.43 shown as "receipts from sales" only includes the initial payment (usually 5 per cent of the actual value of the parcel sold) and included in this payment is also a proportionate part of all the expenditures of whatever nature in relation to said parcels to the date of the sale.

It may not be out of place to state here the income derived from friar lands, exclusive of partial payments on account of sales for the last four fiscal years: First year, fiscal year 1906, ₱98,661.30; second year, fiscal year 1907, ₱226,627.63, increase over previous year of 71 per cent; third year, fiscal year 1908, ₱269,009.53, increase over previous year of 19 per cent; fourth year, fiscal year 1909, ₱432,673.12, increase over previous year of 60 per cent.

Thus the annual income from friar lands has increased in three years from ₱99,000 to ₱432,000, notwithstanding the fact that 5.3 per cent of the total area purchased has been sold on a basis of from 15 to 20 annual installments. This would not indicate that the statement for the year is very discouraging, but quite the reverse. It does not appear that it would be a saving for the Government to give away the entire property, as at some future date the bonds will mature and these properties will in the end probably provide sufficient funds to redeem same; without the properties the redemption of the bonds would have to be undertaken from funds derived from some other source.

While it is impossible at present to state the probable outcome of the friar lands transaction, every year since they were purchased increases the probability of the

ultimate disposition of all the lands purchased at a price sufficient to bring into the Government a financial return equal to the outlay.

In reference to the cost of administration, I can not agree with Gen. Edwards that "it seems advisable to cut down the very heavy expense of same" until such time as the Government can see its way clear to make the friar lands a self-sustaining investment. Furthermore, I do not believe that the cost is excessive at the present time for the following reasons:

The preparation of friar lands for sale or rent, including 158,000 hectares, divided into approximately 50,000 parcels, which involves the survey, computation, drafting, the preparation of the plans and descriptions, the issuance of leases, and then sales certificates, and the final issue of patents, means a tremendous amount of detail work which must be done. The preparation of 12 estates has been completed to the end of the fiscal year. Others are nearing completion, and any reduction of personnel would retard the completion of the work, and the employment of a personnel of less efficiency would not only retard the work but would also cause such confusion as would cost more in the end to straighten out than the present efficient force is costing.

I desire to invite attention to the detailed statement showing the segregation of expenses of friar lands for the fiscal year 1906 in the annual report of this bureau, which shows a total expenditure for all purposes, current and noncurrent, as follows:

For the preparation of plans and descriptions, surveying, and drafting..	P59,772.16
Irrigation.....	18,389.43
Furniture and fixtures.....	2,365.19
Current cost of administration.....	98,958.32
Total.....	179,485.10

Unless the cost of personnel is reduced, I can see no way by which a reduction can be made in this expense. Seventy per cent of the cost of administration pertains to personnel. This also includes a charge for not only those employed directly in the friar-lands administration, but includes a portion of the salary of the director of lands, his assistant, the chief clerk, and all others who contribute to the administration of friar lands, such as the property clerk of the bureau, bookkeepers, stenographers, etc.—i. e., during the last fiscal year 50 per cent of the general expenses of the office of the director of lands was charged to friar lands and segregated to the various estates on the proportion of the value of such estates to the whole value of the friar lands. This percentage has been reduced to 25 per cent for the present year. This is necessary in order that no portion of the administration of the friar lands shall escape being charged eventually to the friar lands funds and not against the public lands or other subdivisions of the work of this bureau. There seems no way to reduce the cost of printing, which was 6 per cent of the administrative cost, or to reduce the other items relative to the contingent expenses in the cost of administering the friar lands, except by stopping the progress of the work being done. Furthermore, the director of lands has been personally supervising the administration of friar lands, and every item of expense has been closely scanned with a view of reduction wherever possible, and I believe that the efficiency of the service and ultimate disposition of these lands at a minimum expense warrants the present cost of administration. Without intimate association with the friar-lands administration, no one can appreciate the tremendous amount of detail work necessary to prepare for final disposition the large number of parcels of friar lands from the beginning of the survey to the ultimate signing of the sales certificate. The method pursued is as follows:

(1) Upon each estate schedules were prepared containing information relative to all occupants of its various parcels, who were required to declare areas and soil classifications of all lands occupied and to execute temporary written one-year leases with the Government in order to prevent contests of title of the insular government through the attornment of the tenants, while at the same time providing for an annual revenue from the property.

(2) Pending surveys the extent of the holdings of each tenant were estimated and preliminary classifications of soil values made in accordance with which temporary schedules of land values were made; all original leases were canceled and superseded by renewals for the second year based upon computation of the estimated areas, preliminary classifications and temporary rental schedules. This resulted in increase of estimated occupied areas and annual rentals by reason of the fact that previous declarations of the tenants concerning these matters were found to have been erroneous.

(3) Parcel surveys of every subdivision of each estate, together with computation of each parcel; accurate and systematic classification of every surveyed parcel to determine sale values and other matters affecting value; pending completion of computations planimeter areas of parcels are made to approximate actual areas;

leases again renewed for third year in accordance with planimeter areas resulting in further gain in estimated areas occupied and annual receipts from rentals; readjustment of rent schedules, where necessary, resulting in further gain from revenues; settlement of disputes between tenants as to rights of occupancy and conflicting party lines.

(4) Computations of sales value of each estate from date of purchase to date upon which offered for sale, including purchase price, interest, current and nonrecurrent expenses; dividing of total value of estate among its numerous parcels in accordance with the area and classified sale values of each; adjustment of amounts previously received as rentals in proportion to the areas of parcels for which same were paid as discount on purchase prices of same; formally offering each estate for sale or lease to its occupants, and securing signatures to three-year leases or sales certificates in accordance with the wishes of the occupants.

(5) The keeping of a system of records in duplicate, one in the office of each friar lands agent and the other in the central office at Manila, covering areas, classifications, rental schedules, sales registers, rent rolls, files and indexes for sales certificates and leases, cash books, daily journals, and other data; the collection of rentals due on account of leases, and installments, with interest, on account of sales certificates; the institution of suits against delinquent tenants for the recovery of rentals due; the transmission of all leases and sales certificates to the honorable the Secretary of the Interior for his approval, and the keeping of necessary records of such transmission; preparation and transmission to the insular auditor of monthly statements of all collections made from the various estates, together with such reports and data as were found necessary to enable a check to be made of the friar lands accounts and to comply with the provisions of law; preparation of monthly reports for the honorable the Secretary of the Interior, and quarterly reports for the honorable the Philippine Commission, as provided by law.

The foregoing comprises a number of the most important duties devolving upon this bureau in connection with the administration of friar lands, although there is a large number of miscellaneous matters of importance, such as irrigation administration, which might be mentioned. This may give some idea of the large amount of detail work necessary in the handling of these estates, and why a force of 10 Americans and 30 Filipinos has been employed in the administration of same.

I know that Gen. Edwards believed that native governors or other Filipinos should have been used in this administration to a greater extent than has been done, but it has been impossible to secure efficient native administrators, as lack of general experience and education is the cause of their unfitness to do this work except under the closest supervision of efficient Americans who could read a map, locate a parcel of land on the ground from its description, file suits in the justice of the peace courts, attend to the securing of evidence, make up the accounts of collections, and do all the things necessary to prepare the accounts for audit, settle the disputes between occupants as to their respective rights, etc., and I do not believe that there are amongst the Filipino men efficient to do this work who are available for employment, and wherever native clerks have been allowed to handle estates errors have been made and confusion has occurred which has cost more to rectify than if an original efficient administrator had been at work. Furthermore, natives who have been made sub-agents who were fairly efficient men have become involved in politics or have shown partiality with relation to the leasing or sale of friar lands which has made necessary their transfer or their separation from the service. The question of the administration has been gone over thoroughly with the secretary of the interior, who has concurred with the administration as it has been conducted, and I desire to state further that compared with the administration of any other estates in the Philippine Islands, except those that have been actually cultivated by their owners, the friar lands administration has been successful where nearly all others have been failures. In no case has it been necessary to resort to the use of armed police in evicting tenants, and the political situation on these estates is such that it may be said that there is no agrarian question.

While it is to be regretted that Gen. Edwards does not think that the property is being carefully managed, I wonder what he would say to the management of other large estates in the Philippine Islands. I know of no estates whose conditions will average with the friar estates to-day, except those that are actually cultivated by owners. I desire to invite attention to a comparison between certain friar estates and other estates owned by private parties. The private estates shown are picked at random and adjoin or are adjacent to friar estates where similar conditions exist. It is impossible to show the cost of administration as the figures could not be obtained, and some of the estates are leased for returns of crops, and on none has a parcel survey been undertaken.

Comparison of results obtained in administration of friar estates with private estates.

Item.	Friar estates.	Other estates.
Name of estate.....	Orion.....	Dinalupihan.
Location.....	Bataan Province.....	Bataan Province.
Owner.....	Philippine Government.....	Archdiocese of Manila.
Area.....	916 hectares.....	4,125 hectares.
Value, total.....	Purchase price, P98,050.....	Declared for taxes, P300,000.
Value per hectare.....	P107.....	P73.
Income from rents—1907.....	P4,344.....	Approximately P4,000.
1908.....	P3,090.....	Do.
1909.....	Sold (except 76 hectares).....	Do.
Average income per hectare per annum.....	P4.....	P0.97.
Relative gross income to value, average for two years.....	3½ per cent.....	1½ per cent.
Remarks.....	Above figures are actual.....	Above figures were furnished by the administrator, who says the estate is better than the Orion estate.
Present condition of estate.....	Full information is on hand regarding the exact condition and area of each parcel on this estate, and all but 76 hectares have been disposed of by sale.	No parcel surveys have been made; tenants are dissatisfied and will not pay rent; administration does not know who occupies the land nor the area occupied except in a general way.
Name of estate.....	Muntinlupa.....	San Isidro.
Location.....	Rizal Province.....	Laguna Province.
Owner.....	Philippine Government.....	Mendezona & Co., et al.
Area.....	2,827 hectares.....	661 hectares.
Value.....	Purchase price, P87,677.....	Owner's valuation, P50,000.
Value per hectare.....	P31.....	P76.
Income from rents—1908.....	P1,776.....	None.
1909.....	P5,240.....	Do.
Rent per hectare per annum.....	P1.24.....	Do.
Relative gross income to value, average for two years.....	4 per cent.....	.
Remarks.....	Above figures are actual.....	Figures from owners.
Present condition of estate.....	Full information is on hand regarding the various parcels on this estate, their areas and the occupants. About one-half of the estate has been sold and balance ready for sale.	This estate has been registered under the Torrens law, but no parcel surveys made; many occupants evicted for nonpayment of rent; in fact, the estate has been practically unoccupied, but 30 tenants remaining on the estate.
Name of estate.....	Santa Maria de Pandi.....	Buena Vista.
Location.....	Bulacan Province.....	Bulacan Province.
Owner.....	Philippine Government.....	San Juan de Dios Hospital.
Area.....	10,342 hectares.....	40,000 hectares.
Value.....	Purchase price, P1,054,637.....	For taxation, P1,615,000.
Value per hectare.....	Purchase price, P102.....	For taxation, P43.
Income from rents—1908.....	P29,855.....	P50,583.
1909.....	P42,185.....	P59,426.
Rent per hectare per annum.....	P3.45.....	P1.37.
Relative gross income to value, average for two years.....	3½ per cent.....	3½ per cent.
Remarks.....	Estate is adjacent to Buena Vista estate.	Administrator claims this estate is superior to Santa Maria de Pandi.
Present condition of estate.....	Parcel areas have been surveyed, names of all occupants known, plans have been prepared showing areas in 44 per cent of the parcels on the estate. Leases have been secured on all but 200 parcels, some of which are unoccupied.	No surveys have ever been made; names of occupants known, but size or classification of their holdings practically unknown. Agents are accepting products in lieu of rent and owners claim the administration is very unsatisfactory. Above figures furnished by administrator.
Name of estate.....	Calamba.....	Reserved parcels on Calamba estate.
Location.....	Laguna Province.....	Laguna Province.
Owner.....	Philippine Government.....	Philippine Sugar Estates Development Co.
Area.....	13,637 hectares.....	803 hectares.
Value.....	Purchase price, P1,385,443.....	P96,000 (estimated).
Value per hectare.....	Purchase price, P101.....	P120 (estimated).
Income from rents—1908.....	P14,697.....	P1,990.
1909.....	P37,319.....	P1,437.
Average income per hectare per annum.....	P1.90.....	P2.14.
Relative gross income to value, average for two years.....	1½ per cent.....	1½ per cent.
Remarks.....	Figures actual.....	Figures furnished by administrator.

Comparison of results obtained in administration of friar estates with private estates—Con.

Item.	Friar estates.	Other estates.
Present condition of estate.....	Field work for parcel surveys completed and plans prepared showing the various parcels on the estate; twenty-four per cent of the estate has been computed for actual parcel areas and planimeter areas taken for the balance. All lots occupied are leased and old irrigation works reconstructed with a view of securing further occupation.	This estate consists of three parcels of the original Calamba estate reserved by the Philippine Sugar Estates Development Co. when it sold the Calamba estate to the Government. It is believed some of the best land on the estate is contained in these parcels. The administrators are following the method adopted by this bureau in the leasing of this estate, although they have no parcel surveys and merely guess at occupants' holdings. They are charging a higher rate per hectare than is the Government.
Name of estate.....	Binan.....	San Jose.
Location.....	Laguna Province.....	Laguna Province.
Owner.....	Philippine Government.....	Archdiocese of Manila.
Area.....	3,659 hectares.....	7,000 hectares.
Value.....	Purchase price, ₱601,583.....	Assessed value, ₱132,040.
Value per hectare.....	₱164.....	₱19.
Income from rents—1908.....	₱22,856.....	None.
1909.....	₱37,293.....	Do.
Average income per hectare per annum.....	₱8.20.....	
Relative gross income to value, average for two years.....	5 per cent.....	
Remarks.....	Figures actual. Estates adjoining and similar land, the Binan the better of the two.	Tenants refuse to pay rent and resist efforts of agents. Figures furnished by administrator.
Present condition of estate.....	Complete surveys of the parcel areas are on hand; all the occupants are known and have signed leases and the estate is ready for classification.	Little is known of this estate. Boundary surveys for the purpose of securing title have been contracted for. The tenants are unknown and refuse to allow agents on the estate. There are many opponents to the titles of the owners and nearly all tenants refuse either to enter into contracts or to pay rents.

Whatever may have been the cost of administration on the non-Government estates, the comparison would still be favorable, for on all Government estates there has been progress toward a parcel survey, classification, and preparations for future leasing or sale. Furthermore, there is constant friction between administrators and tenants on all the non-Government estates mentioned, and I am informed that the practice of this bureau regarding the forms and method of administration in general are being copied, but not with unqualified success, as the basis of the administration by this bureau has been the parcel survey, classification, and correct identification of each occupant's holdings. On all the estates mentioned the door has been left wide open for graft on behalf of the administrator and his agents, which makes it impossible to tell even approximately the cost of administration. Furthermore, non-Government estates may make informal leases without the necessity of signed leases, reports to the auditor, and the many other necessary details to safeguard the Government interests.

Referring to Gen. Edwards's reference to the Banilad estate, which shows receipts from sales ₱15,420, and no area disposed of, this may be explained by the fact that while the sales were actually made and the money had been received as the first payment, it was impossible to complete the sales certificates and obtain the approval of the Secretary of the Interior prior to the issuance of this report, and in fact the area sold was not included in the annual report, but, as explained therein, the funds being on hand it was necessary to report same.

Referring to that portion of Gen. Edwards's letter relative to unoccupied estates, it may be stated that this bureau has from the very beginning endeavored to sell such unoccupied lands, and to this end has made great efforts to induce occupation and cultivation (see report director of lands, fiscal year 1908, subhead "Efforts to induce occupation and cultivation of friar estates," and under the heading "New legislation"), showing the efforts made to remove the restrictions provided in the original act relative to unoccupied areas, which culminated in the passage of acts Nos. 1847 and 1933. A prospectus on the San Jose de Mindoro estate was issued some two years ago, and

negotiations have been practically completed for the sale of this estate. A prospectus of the Isabela estate was also issued at the close of the last fiscal year and arrangements have been about completed to lease the estate for one year at a nominal rental, the lessees to make investigations of the soil and other conditions as regards the cultivation of tobacco, and, if satisfactory, to purchase the estate; or, in case of failure to purchase, to turn over to the Government a report of the full results of their investigations. The estimated cost of this work is ₱12,000 to the lessees.

There are four estates in Cavite Province and three estates in Laguna Province on which there will be considerable areas of unoccupied land available.

A prospectus of the Santa Rosa estate is now being prepared, which will be followed by one of the unoccupied portion of the San Francisco de Malabon estate, the classification of which has just been completed. It is probable, however, that with good roads on the latter estate, very little of the estate may be offered to other than the present or former tenants. The great difficulty in offering these estates to outside investors is the high price and the nonavailability of large tracts. The following estimate is submitted of the areas of the several estates which are unoccupied and available and the kind of crop for which the land is considered most suitable.

Estates.	Area.	Kind of crop.
	<i>Hectares.</i>	
Binan.....	800	Sugar cane, corn, upland rice.
Calamba.....	6,000	Sugar cane, corn, upland rice, hemp.
Imus.....	6,000	Sugar cane.
Muntinlupa.....	1,000	Poor land; maguey, upland rice.
Nalc.....	3,000	Sugar cane, hemp, upland rice.
San Francisco de Malabon.....	4,000	Do.
Santa Clara de Malabon.....	5,000	Sugar cane, corn.
Santa Rosa.....	2,500	Sugar cane.
Total.....	28,300	

Most of the land mentioned is from 4 to 10 miles from a town, with very poor facilities of transportation, but the bureau of public works is at work upon plans and estimates for roads on the Imus, San Francisco de Malabon, and Santa Rosa estates, with a view of giving access to the interior of these estates in order that agriculturists may have means of transportation. This land is covered with madre cacao or cogon, which will require a large expenditure for the initial crop.

This large aggregate area of unoccupied, high-priced land is the main feature of the friar land condition to-day, which will delay the final satisfactory solution of the friar land question. The occupation and cultivation of this unoccupied land is engaging the constant attention of the director of lands and his agents and the friar land loan fund is being used for this purpose. An appropriation has also been obtained for road construction, and other efforts are also being made to obtain occupation.

There are on these estates no very large single parcels which can be cultivated by machinery such as it is understood large sugar producers use. I believe that the largest tract available is on the Calamba estate, between two and three thousand hectares.

It is impracticable to get up a prospectus of any of these estates which will be intelligent until the classification and value of the different classes of land have been obtained. Work upon this classification is proceeding, and it is hoped to have same completed upon all of the estates during the calendar year 1910.

The writer is one of those who believe that with careful management the friar land will bring to the Government a financial return equal to the outlay if the irrigation system purchased may be capitalized upon a reasonable basis and water rents collected after the lands are sold, which will produce sufficient revenue to bring about the amortization of three or four million pesos' worth of bonds assigned to the irrigation system.

There are several large hacienda buildings which were taken over at large valuations, and this bureau is now negotiating for the sale of these buildings with fair prospect of success.

As fast as it is possible to prepare a prospectus upon each estate having unoccupied lands available, copies of same will be forwarded to the Chief of the Bureau of Insular Affairs, and there are inclosed herewith prospecti relating to the San Jose de Mindoro and the Isabela estates.

Director of Lands.

[First indorsement.]

GOVERNMENT OF THE PHILIPPINE ISLANDS,
OFFICE OF THE GOVERNOR GENERAL,
Manila, November 8, 1909.

Respectfully referred, through the honorable the secretary of the interior, to the director of lands for comment.

W. CAMERON FORBES,
Acting Governor General.

[Second indorsement.]

DEPARTMENT OF THE INTERIOR,
Manila, November 16, 1909.

Respectfully forwarded to the director of lands.

DEAN C. WORCESTER,
Secretary of the Interior.

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, September 27, 1909.

MY DEAR GOVERNOR: I beg to acknowledge the receipt, through the executive bureau and the Secretary of the Interior, of the special report of the director of lands, dated August 6, 1909, giving a comparison of the expenditures and receipts of the friar estate, as well as the cost of administration for the last fiscal year as compared with the one of the year previous.

I was very glad to get this, as the subject of the proper handling of these estates is one of the greatest interest to the department, the opinion here being that on the good or bad management of these estates depends the question as to whether the Government has made a poor or fairly good investment in purchasing them, independently of the political question involved.

It of course is well known that this is the largest single investment which the Philippine Government has made, and I think it should receive consideration commensurate with that fact. I am sorry to say that this report does not indicate that it has received this consideration; in fact, I should hesitate to submit this report to the Secretary of War, as I should like to, as a fair statement of the condition of this very large investment.

The report purports to compare the receipts and expenditures of these properties for the fiscal year 1909 with the fiscal year 1908, and yet the item reported in the fiscal year 1908, amounting to ₱260,037.14, being the noncurrent expenses connected with the estate, is omitted from the report, nor is it indicated therein what the so-called noncurrent expenses for the fiscal year 1909 were. In an indorsement of September 14, 1908, of the chief of the bureau of lands, the noncurrent expenses for the fiscal year 1909 were estimated at ₱80,000.

It is also noted that the receipts from the sale of lands are used in balancing the current expenses. Of course such an arrangement as this in the accounting for the management of property is wholly inadmissible. The report would indicate that in 1909 over 5 per cent of the property was disposed of; yet that and the entire income from rental for that year was insufficient to meet the fixed charges and cost of administration. In other words, it would be a saving for the Government to give away the entire property if this is to be a sample of the annual statements. It is noted further in the first estate given on the list—that is, Banilad—it is reported that none of the estate has been sold, and yet an item under the head of "Receipts for the fiscal year from sales," is given ₱15,420, and this ₱15,420 seems to be used throughout the report, although there is no indication as to where it came from. The statement for this year is very discouraging.

It is assumed that some of these matters will be cleared up by the annual report when received, but the matter is of so much importance that it is believed to be better to clear up this report as soon as possible, lest some such errors may creep into the annual report.

A representative of a New York law firm, one of the best in New York, has visited this office in connection with the purchase of the San Jose estate in Mindoro. He seems to have been advised from Manila that an effort was being made to sell this estate. We had to advise him that we had no intimation that the estate was on the market. What is the status of the matter? Is any effort being made to sell the San Jose estate or any of the other estates which are in large part unoccupied, as for example

the Isabela estate and the Calamba estate? It is believed here that with the new tariff the natural increase in value of some of these properties should make this friar land investment look a good deal better than it has heretofore, although persons well advised of conditions in the Philippine Islands and the value of this property have not all by any means been of the opinion that this investment could be justified only on political grounds, but have believed that with careful management the property would bring in to the government a financial return equal to the outlay. I hope that you will cause to be made a careful report on the financial outlook from this investment. It would certainly seem advisable to cut down the very heavy expenses of administration.

It is requested that full descriptions of such estates as are to be sold as unoccupied land be sent to the bureau. In this connection please see my letter of May 16, 1908, and the reply thereto.

Very sincerely,

C. R. EDWARDS.

Hon. W. CAMERON FORBES,

Acting Governor General of the Philippines, Manila, P. I.

Mr. WORCESTER. The first of the indorsements is dated November 8, 1909, but before I go on to the discussion of these indorsements please let me call attention to this fact, that this letter was not written to me, as stated by Mr. Martin, but was a letter to the Governor General of the Philippine Islands, so that I would neither see nor have knowledge of it unless sent to me. It was not sent to me in the first place; it was sent to the director of lands, through my office, with the following indorsement:

Respectfully referred, through the honorable the secretary of the interior, to the director of lands for comment.

W. CAMERON FORBES,
Acting Governor General.

This indorsement is dated November 8, 1909, which is presumably the date on which it was dictated. In other words, it is an indorsement to the director of lands through my office. That means that the paper came in to me bearing an indorsement, saying "Respectfully forwarded to the director of lands," all ready for my signature, and I sign it and send it along. In point of fact, the second indorsement on it does read as follows:

DEPARTMENT OF THE INTERIOR,
Manila, November 16, 1909.

Respectfully forwarded to the director of lands.

DEAN C. WORCESTER,
Secretary of the Interior.

This was a simple forwarding indorsement and shows the date on which the paper actually passed through my office, the 16th of November, 1909. It was then returned to me by the director of lands, under date of December 4, 1909, which is the date that it was actually sent to me for consideration.

The CHAIRMAN. Where was it during the period from November 16 to December 4?

Mr. WORCESTER. It was in the office of the director of lands. An examination of this letter will show that it refers to this friar-land transaction only incidentally at its close and that it was a long letter embodying severe criticism by the Chief of the Bureau of Insular Affairs in Washington of a report on friar-lands transactions which had been sent on from Manila. I have not the original document here, but I hazard the guess that the backing on that document will not show any reference to this other question and the criticism of Capt. Sleeper's report certainly makes up the bulk of the letter. This other matter occurs just at its close. Mr. Martin's apparent

object in introducing this letter is to show that my statement that the cablegram of November 23 was my first intimation that the United States was interested in the sale of this estate, is not correct.

Now, passing over the technical errors in that statement of his, first, the statement that the letter was written to me, which it was not; and second, the one that it was my first intimation, and coming right back to the hard facts, Mr. Martin is really right. This letter did embody the first intimation that we had that Washington was interested in this transaction. It did not get to me until after the transaction was practically consummated. It got back to me at the earliest on the 4th of December, as shown by the third indorsement.

Now, admitting the fact that this letter did contain the first intimation we had of the interest of Washington in this transaction, I invite your very particular attention to the nature of that interest, as shown by the letter. The passage referred to reads as follows:

A representative of a New York law firm, one of the best in New York, has visited this office in connection with the purchase of the San Jose estate in Mindoro. He seems to have been advised from Manila that an effort was being made to sell this estate. We had to advise him that we had no intimation that the estate was on the market. What is the status of the matter? Is any effort being made to sell the San Jose estate or any of the other estates which are in large part unoccupied, as for example the Isabela estate and the Calamba estate?

Now, while that statement shows interest on the part of the Washington authorities in the transaction, it shows an interest born of complete ignorance of what we were doing, and completely negatives the contention that there existed a conspiracy between the President of the United States, the Secretary of War, and the Chief of the Bureau of Insular Affairs in Washington and the officials in Manila to hold up the sale to occupants of these estates and deprive the tenants on friar lands of their holdings and turn them over to trusts or great corporations interested in sugar growing.

The statement continues:

It is believed here that with the new tariff the natural increase in value of some of these properties should make this friar land investment look a good deal better than it has heretofore, although persons well advised of conditions in the Philippine Islands and the value of this property have not all, by any means, been of the opinion that this investment could be justified only on political grounds, but have believed that with careful management the property would bring in to the Government a financial return equal to the outlay. I hope that you will cause to be made a careful report on the financial outlook from this investment. It would certainly seem advisable to cut down the very heavy expenses of administration.

It is requested that full descriptions of such estates as are to be sold as unoccupied land be sent to the bureau. In this connection please see my letter of May 16, 1908, and the reply thereto.

The information furnished in response to that inquiry could not possibly have reached Washington until more than a month after the first sales certificate for the San Jose estate was signed by me.

I wish again to express my appreciation of Mr. Martin's kindness in bringing this letter to my attention. The fact is that when I prepared my report on this subject I called on the record clerk of the executive bureau to submit to me all the documents pertaining to it. This particular document was not submitted, probably for the reason that I have suggested, that as nearly the whole letter was taken up with the discussion of another matter, a careless clerk in backing it failed to note at all the two paragraphs dealing with the

sale of these unoccupied lands, and therefore in going through the records to find the papers requested by me it was overlooked.

Now, I find in referring to my own testimony relative to this alleged conspiracy that before I had made a full and comprehensive statement I was led away, or, perhaps, wandered away, onto another subject, and I now wish to complete this statement.

If the President of the United States, the Secretary of War, the Chief of the Bureau of Insular Affairs, or any other officer or employee of the United States Government, entertained any views as to what was advisable as to the disposal of the unoccupied friar lands he failed to communicate them to me. If there existed on the part of the officials in Washington any conspiracy relative to the sale of these lands, or any plan relative to them, then those officials failed to communicate that plan to the man without whose cooperation it could not have been carried through. Every one of these transactions requires on the face of it my written approval. That is as far as my knowledge of the facts goes, but I think it will be sufficient to cover this subject.

I find in Mr. Martin's statement some matter relative to a letter of introduction presented by Mr. J. Montgomery Strong, concerning which I wish to comment.

On page 39 of the testimony occurs the following:

MR. MARTIN. I would not say Mr. Worcester knew the names of these individuals. I will say this, though, that the evidence will show that these gentlemen over there had reason to know that Prentiss and Poole, who went over there to buy this estate, were acting in the capacity of agents.

That they had in that department a letter of introduction from a lawyer in New Jersey, whose name I have furnished to be subpoenaed as a witness—a letter of introduction, from which letter it appears that this lawyer, J. Montgomery Strong, had already been to the Philippines on this same mission and had returned to the United States, and gave this letter of introduction to some official of the Philippine Government, notifying them that these gentlemen represented the same interests that he did.

The agreement entered into will show that the sale of this estate was to be made to Mr. Poole or his nominees. I have called attention to that fact, and do now, as having put the Philippine Government and all parties officially concerned on their notice that this was a sale to more than an individual, and that Poole was only an agent for some undisclosed principals.

I have already called attention to the fact this letter of introduction was not a part of the records of the bureau of lands. It was a private letter of introduction brought to the assistant director of lands and I had no knowledge of its existence up to the time that Mr. Martin's speech was reported in Manila and I started to get all the information concerning the matter which was available. I now ask to have this letter introduced in evidence so that it may appear here at the proper place. It reads as follows:

LITTLE FALLS, N. J., September 7, 1909.

MY DEAR WILSON: This will introduce Messrs. E. L. Poole and P. A. Prentiss, who are going out to the Philippines, representing the same interests as I did, with the intention of looking toward the purchase of some land in the islands. If it is possible to secure a sufficient amount of suitable land, a modern sugar factory is contemplated. Any advice or information you can give these gentlemen will be greatly appreciated.

With kind remembrances to Mrs. Wilson, Mr. Strong, and yourself, believe me,
Sincerely, yours,

J. MONTGOMERY STRONG.

JOHN R. WILSON, Esq.,
Manila, P. I.

I wish to call attention to the fact that the suggestion that one of the persons interested in this transaction is a stockholder in the Sugar Trust is not in this letter, as I was led to say in my testimony, but is in a statement that I obtained from Mr. Wilson relative to this letter. In the testimony concerning this matter there occurs, in addition, the following, on page 530:

Mr. MADISON. He sent a letter of introduction to Mr. Wilson, the assistant director of public lands, did he not?

Mr. WORCESTER. Yes, sir.

Mr. MADISON. It was stated in that letter that Messrs. Poole and Prentiss represented the same interests that he did, was it not?

Mr. WORCESTER. Yes, sir.

Mr. MADISON. The letter stated that while the Sugar Trust was not interested, that one of the stockholders of the Sugar Trust was interested with him and these other parties in the land they proposed to purchase?

Mr. WORCESTER. Yes, sir.

In point of fact, an examination of the letter will show that that statement does not occur in the letter, but does occur in Mr. Wilson's statement relative to the letter, which I will now read.

To the best of my recollection, it was in the early part of April that Mr. J. Montgomery Strong visited the bureau for the purpose of securing information relative to available sugar lands, public or private, in the islands. I explained to him the provisions of law relative to public lands prohibiting the holding by a corporation of more than 1,024 hectares, but suggested an inspection of the San Jose friar estate.

He left Manila during April in company with Mr. Thompson, formerly of the Philippines Products Co., to make an inspection of said San Jose estate. He returned to Manila on May 4, and later went to Iloilo and Negros with a view to investigating the possibilities of purchasing land in Negros.

In talking with him after his return from Mindoro he gave me to understand that he was not particularly pleased with the sugar possibilities of the estate. He left Manila the latter part of May or first part of June, returning directly to the United States.

Mr. Strong assured me that he was not representing the Sugar Trust, as it is commonly called, and that same was not interested in his venture other than the fact of at least one of the stockholders of the American Sugar Refining Co., who was desirous of securing sugar properties in the Philippines, not for the trust, but as a personal matter. Mr. Strong further stated that the sugar trust was not interested in the growing of sugar cane, but was interested solely in the manufacturing and refining of sugar. Mr. Strong never mentioned the name of any person with whom he was interested or representing; neither was he asked for such information, the idea being to unload the San Jose estate if possible.

That will clear up the matter.

Now, gentlemen, I wish to call attention to another matter of some little importance with reference to Mr. Carpenter's transactions on the Tala estate. In the record, on page 50, appears the following:

Mr. PARSONS. Did he ever reduce his land to a state of fertility?

Mr. MARTIN. He did, as I understand it. It is stated here on page 105 of Mr. Worcester's report as a justification for the admitted discrimination in favor of Mr. Carpenter—that is, the discrimination is not denied, but it is explained and justified by the statement that he is required by his contract to cultivate the land. But, as I say, and as I submit, these leases contain no provision for forfeiture, and this so-called requirement was absolutely nonenforceable. The requirement as to what Mr. Carpenter was to do with this land was not worth the paper it was written upon.

Now, gentlemen, that is a very positive statement. Mr. Martin has told us that he has all the documents and papers on which he bases his statements and charges, and he, perhaps, will submit to the committee the evidence on which he bases this one. Meanwhile I would like to submit a few remarks and some documents.

First. I will call attention to the fact that the document quoted as the "Carpenter lease" is not a lease at all. It is a contract to lease and sell under certain conditions. Mr. Carpenter did not get any land under that. In order to get land he had to execute a lease for every single parcel. As a matter of fact, there are now outstanding 168 leases held by Mr. Carpenter, covering an area of 1,694 hectares on the Tala estate. All of these leases are made in conformity with the original preliminary contract entered into by Mr. Carpenter, which is the document which has been under discussion. These leases are made on the ordinary form of lease of the bureau of lands, but they contain the following special provision:

Subject, nevertheless, to the provisions of one certain preliminary contract or lease, executed on the 20th day of April, A. D. 1908, by and between the parties hereto, said preliminary contract being by the act of said parties herein incorporated, and constituted a part of this instrument.

In other words, the original document which we have discussed is carried into each one of these leases for a tract of land. Mr. Carpenter was compelled to sign the regular form of lease for all the tracts of land he leased, including the same conditions as other leases, except that the preliminary contract, which imposed upon him certain special conditions and granted to him certain special concessions, was carried into them. Mr. Carpenter holds no land under lease on the Tala estate except by virtue of the leases referred to herein, which, among other clauses, contain the following forfeiture clause:

Said lessee—

Mr. DOUGLAS. Are you quoting from the contract?

Mr. WORCESTER. From the actual leases.

Said lessee further agrees that upon the expiration of the term herein above stated, or upon the default of said lessee in the performance of any of the conditions hereof, said lessor may terminate this lease; and that upon its termination for such default, said lessee shall vacate said lot immediately: *Provided, however,* That any sum or sums of money due by said lessee to the Government of the Philippine Islands, for rental accruing upon this lease, or for damages arising from any breach of the conditions hereof, shall be at all times a valid first lien upon all buildings, fixtures, and other property belonging to said lessee and situated upon said lot, and if, upon the termination of this lease on account of such default of said lessee, as aforesaid, there remains due to said Government of the Philippine Islands any sum or sums of money, whether for rental or otherwise, as aforesaid, said lessee shall not remove said property from said lot without first having satisfied such indebtedness, or without first having secured the written consent of said lessor to so remove said property: *And provided further,* That if such property has not been removed from said lot at the expiration of thirty days from the date of said termination for default, then it shall be considered that said lessee has relinquished and abandoned all right, title, and interest in and to said property, and said lessor may enter upon said lot and take possession thereof, and likewise of said property, by right of accession.

I invite your attention to these facts to show how much these very positive statements of Mr. Martin as to what happened are really worth. All of these facts were ascertainable. Every one of these leases contain the usual provision for forfeiture, apart from the fact that the old Spanish law which we have out there is very stiff on the nonfulfillment of contracts and we should not have been tied up even if such forfeiture provision had not been included.

Now, on pages 51 and 52 of the testimony Mr. Martin makes a statement, beginning at the bottom of the former and concluding at the top of the latter, which read as follows:

The evidence will show that within 60 days after the execution of this agreement, providing that if the Philippine Legislature amended the friar-lands act so as to

permit nonresidents or nonoccupants to acquire these lands on the same terms and conditions as residents and occupants, the Philippine Legislature passed the first amendatory act, which is relied upon by the officials of the Philippine Government in justification of the sale of this land. They admit in these letters that at the time this lease was executed, on April 20, 1908, they had no authority to sell to Mr. Carpenter, but they put a provision in it that if the legislature authorized its sale, then they would sell to him and he would buy, and then, on June 20, just 60 days afterwards, the alleged amendatory act became a law, whereby they claimed they had a right to make the sale to him.

The following is the sentence to which I desire to call particular attention:

Of course I take the position at all times in this investigation that the Philippine Legislature and Philippine Commission, and no other power on earth but Congress, could so modify the law.

Mr. Martin refers to the law relative to the limitations. The commission held that it had the same right to strike out the limitations that it had to include them in the first place, having been left free by Congress to act.

In the testimony, on page 65, I find the following statement:

Mr. MARTIN. I will say, in answer to the gentlemen, I do not see how they could have, in view of the fact that Mr. Poole, who was the agent of the purchasers and the manager of the corporation, informed the officials of the Philippine Government in Manila that he himself had been informed by the Bureau of Insular Affairs in Washington that the estates could not be bought.

I think that statement on Mr. Martin's part must have been inadvertent. I do not understand that Mr. Poole was ever in Washington or ever had any conference at all with the Bureau of Insular Affairs or any other officials there.

Mr. DOUGLAS. I think he means that his attorney conferred with the bureau of insular affairs and the attorney was informed, not Mr. Poole.

Mr. WORCESTER. Yes, sir; that is right.

Now, referring to the question of when work was begun on the estate, in the testimony, on page 438, I find the following:

Mr. CRUMPACKER. When did Mr. Poole begin work on the estate?

Mr. WORCESTER. I have no immediate personal knowledge as to when he began work on the estate. My information is derived from the testimony of others.

Mr. CRUMPACKER. Did you know at the time that he began operations on the estate immediately after the certificate was signed by Mr. Sleeper?

Mr. WORCESTER. I knew of the time when he began operations on the estate.

Mr. CRUMPACKER. That was some time before you approved the certificate?

Mr. WORCESTER. I think it was; yes, sir.

Now, if that last question of Mr. Crumpacker's is correctly reported my answer is, of course, in error. As I have shown in my testimony, the first shipment of supplies to the estate was made in December and the certificate was signed on the 6th of that month.

On page 428 of the testimony I stated that the information relative to the number of parcels of lands claimed by private individuals and the number of titles established was obtained from the census. I now find that this information did not come from the census; it came from the records of the court of land registration in Manila.

On page 431 of the testimony I began to state the necessity of amending act No. 1120, if it was to be possible to dispose of vacant friar lands, and started to enumerate the conditions impossible of fulfillment and those difficult of fulfillment which were imposed by the

commission when it made the provisions of chapter 2 of the public-land act applicable to such sales. I find that I was led off onto another subject before completing this statement.

The most important of all the conditions thus imposed and impossible of fulfillment, of course, was that limiting the amount of land which might be sold to an individual to 16 hectares, as this would have prevented the sale of their holdings to all occupants who had more than 16 hectares. But I also omitted to enumerate other conditions impossible of fulfillment, as follows:

The one that the land should be surveyed in continuous legal subdivisions; impracticable of fulfillment because the holdings do not lie either in legal subdivisions or in continuous subdivisions. In other words, they are very irregular and very frequently scattered about and not contiguous to each other.

The provision that the sales should be by competitive bidding and that the land should be awarded to the highest bidder instead of to the occupant as is provided in section 11 of the friar-land act. The provision that they should be awarded to the highest bidder is in conflict with the provision of the friar-land act that they shall be sold at the actual cost to the Government. In other words, if the lands were to be put up at auction and sold to the highest bidder, first, we could not assure the owner that he would get his land at all; second, the provision of the friar-land act that he should get his land at cost would be worth nothing.

The provision of section 19 of the public land act that "This chapter shall be held to authorize only one purchase of the maximum amount of land hereunder by the same person or by the same corporation or association of persons," would again interfere with the purchases of occupants who had a number of holdings.

The provision that unpaid installments of the purchase price should bear 6 per cent interest instead of the 4 per cent interest provided by section 11 of the friar-land act.

The provision of section 13 of act No. 926 that "The Chief of the Bureau of Public Lands shall appraise the land applied for and that the appraisement shall not be less than 10 pesos per hectare."

There are other provisions of the public-land act, such as the one that "Patents shall not issue until after the expiration of five years from the date of the award, and before the same shall issue the purchaser must show actual occupancy, cultivation, and improvement of the premises for a period of five years immediately succeeding the date of the award, and that he has not sold the land or in any manner encumbered his title;" and the one that "The balance of the purchase price, after deducting the amount paid by check or post-office money order at the time of submitting the bid, may be paid in full upon the making of the award, or may be paid in equal annual installments, or may be paid in one installment at the expiration of five years from the date of the award." All of these latter provisions are difficult, if not impossible of fulfillment, while the provision relative to advertising, as I have already explained, would impose on the purchasers of friar lands needless and burdensome expense.

I am sure it will be evident to the committee that there was absolute necessity for amending the act by striking out that provision which made the conditions of chapter 2 of the public-land act applicable. The whole transaction was tied up by that, and there were all

sorts of difficulties between the provisions of chapter 2 of the public-land act and other provisions of the friar-land act.

On page 479, the words "1,000 acres of cane" should read "10,000 acres of cane." Of course, 1,000 acres of cane would not be sufficient to supply a large modern sugar mill.

On page 495, "supplying additions to chapter 2 of the public-land act" should read "applying the conditions of chapter 2."

I have called the attention of the committee to the action that was taken in connection with the sales to the California corporations, sales of public land in Mindoro, and there have been included in the record the applications of these companies, but lest they should be overlooked I desire to call particularly your attention to certain things contained in those applications. They show that:

A certified copy of the charter or articles of incorporation and the required documentary evidence, showing that the law governing the transaction of business in the Philippine Islands by foreign corporations has been complied with, are hereto attached and made a part hereof.

I am reading directly from the application itself.

The corporation on whose behalf this application is made has never heretofore purchased any land or acquired any interest therein under the provisions of the public-land act, No. 926. No member of this corporation has ever purchased any land or acquired interest therein under said law. The land owned in the Philippine Islands by said corporation consists of the following tracts of the following areas, and the same is all the land owned by said corporation in the Philippine Islands, viz: No land owned. If the land herein applied for is awarded to said corporation it is the intention of said corporation to occupy, cultivate, and improve the same as provided by law, and said land will not be sold or in any manner encumbered prior to the issuance of the patent therefor. The provisions of the public-land laws relating to purchases of public lands by corporations, and the restrictions, limitations, and requirements of section 75 of the act of Congress of July 1, 1902, are understood and will be fully complied with by the applicant.

In other words, you will notice that the form of application which these people had to fill out is such as to call forth from them a very full statement of their right to consummate the transaction.

Now, in view of what Mr. Martin has said as to the surprising celerity with which friar-land sales have taken place since he made his speech, I desire in closing to call the attention of the committee to the facts as to the way in which such sales took place before he made his speech. I have here the record of the early sales on the Binan estate in the province of Laguna. This estate was placed on sale on May 9, 1910, before Mr. Martin made his speech in Congress. There were 3,200 parcels of land on this estate, and on May 17—the sale having begun on the 9th—the agent on the estate reported 2,500 of these sold.

The CHAIRMAN. What year was that?

Mr. WORCESTER. That was 1910. I read from the report of the agent which I will submit in evidence:

BINAN, LAGUNA, *May 12, 1910.*

Memorandum for Mr. Rheberg, F. L. Division, bureau lands. Collections for the first 10 days of this month for the estates under my charge are as follows:

We will omit that.

Started the sale of Binan Monday, May 9, and have 1,214 parcels sold, with first installments on 400 of them paid. The office is full of people, as is also the street and stairway, and everything, even the money I am taking in, smells of betel nut.

They were doing a considerable business, as you will notice, even though Mr. Martin's speech had not been made. The whole letter I will ask to have inserted in the record.

DEPARTMENT OF THE INTERIOR,
BUREAU OF LANDS,
Binan, Laguna, May 12, 1910.

[Memorandum for Mr. Rheberg, F. L. Division, Bureau Lands.]

Collections for the first 10 days of this month for the estates under my charge are as follows:

Binan.....	P787. 00
Sta. Rosa.....	3, 929. 60
Calamba.....	3, 414. 50
Muntinlupa.....	506. 58
Total.....	8, 637. 68

Started the sale of Binan on Monday, May 9, and have 1,214 parcels sold, with first installments on 400 of them paid.

The office is full of people, as is also the street and stairway, and everything, even the money I am taking in, smells of betelnut.

Calamba classification is going on very slowly, due to my absence there, yet it is absolutely impossible for me to leave Binan for at least a week now.

Thayer tells me he is going to put Fernandez to work in his office about June 1 and I will have to put Subido in charge here. Fernandez has said nothing to me about it.

CHAS. H. WALT, *F. L. Agt.*

Reading from a second letter, dated May 17, 1910, a few days later:

I have sold 2,500 of the 3,200 parcels of Biñan, and half the first installments collected; the other half is standing around with the money in their hands, waiting for the clerk to write their receipts; that is, with a few exceptions. If you have any more clerks and machines to send here, get busy. I can use them for a while.

Mr. JONES. Who is that signed by?

Mr. WORCESTER. Signed by "Walt."

The CHAIRMAN. Who is he?

Mr. WORCESTER. He was the friar-land agent for that particular estate.

The letter in its entirety is as follows:

BIÑAN, LAGUNA, *May 17, 1910.*

DEAR BEHRENS: The names of the two temporary clerks in this office are Antonino Zarraga and Pablo Amoranto; both commenced work on May 6, 1910.

I have sold 2,500 of the 3,200 parcels of Biñan, and half the first installments collected; the other half is standing around with the money in their hands, waiting for the clerk to write their receipts; that is, with a few exceptions.

If you have any more clerks and machines to send here, get busy. I can use them for a while.

Sincerely,

WALT.

Biñan opened for sale May 9, 2,500 lots—sold in eight days. Three typewriters going and will send three or four more from Hunt's office next Monday.

There are no more machines available or would be able to put several more clerks to writing S. C.

C. D. BEHRENS.

Now, I should like to make a statement relative to what is done preparatory to the sale of a parcel of friar land. After the estate has been completed by the surveying division and all areas and descriptions are known, there is made up in the office pertaining to the estate a data sheet for each sales certificate, a copy of which sheet is submitted herewith, shown as Form No. 90. This includes all the

information necessary to make out a sales certificate. At the same time there is prepared Form No. 103, in Spanish, giving practically the same information, for the benefit of the purchaser, and signed by the agent and furnished the purchaser. Therefore the only requirement of the purchaser, after he has made up his mind, is to sign his sales certificates, which are then prepared by the clerks, forwarded to Manila for signature and returned to the office of the estate, and if the payment agreed upon has been made, then the sales certificate is delivered to the purchaser. The reason for using Form No. 103 is that the purchaser may know the amount of money he must pay for his land, the area, the time when the installments are due, and the amount. Under this system a large number of purchasers can be handled in a very short time, and long before the time Mr. Martin made his speech, or before we knew of any investigation or agitation toward investigation, sales were being made under this system rapidly and successfully.

Now, this blank which is furnished the would-be purchaser, Form 103, gives the area of his holdings, the appraised value, the amount credited, the balance due, the credit from leases, if any, the date when the sale is effective, interest, number of installments, and the annual installments. That is all, gentlemen, and I apologize to you for this long statement, but I thought it would be better to go directly through the testimony, pick up all loose ends noted, and get them out of the way.

(Said forms are as follows:)

[B. L. Form No. 90.]

BUREAU OF LANDS.

FRIAR LANDS DIVISION.

Data for sale certificate No.
..... estate.

Date of certificate.....
Name.....
Barrio of..... Municipality of.....
Province of..... Lot..... Sheet..... Sec.....
Municipality of..... Province of.....
Class..... Percentage.....
Area: H: A: C.
Appraised value, ₱..... Amount credited, ₱.....
Balance due, ₱..... Credit from lease No.
Sale effective.....
Interest from.....
No. installments..... annual
First installment, ₱.....
..... Installments at ₱.....
Data compiled by.....

BUREAU OF LANDS.

Memorandum sobre ventas.

A VISO.

Mr. WORCESTER. If you will excuse me just one moment, I would like to introduce in evidence a sample copy of Mr. Carpenter's leases,

confirming my statement that this forfeiture clause actually exists in them.

The CHAIRMAN. How many of those leases are there?

Mr. WORCESTER. A very large number. I wish to introduce a sample only.

The CHAIRMAN. Can you tell how many there are?

Mr. WORCESTER. I can; it is already in the record.

The CHAIRMAN. They are alike and in that form, are they?

Mr. WORCESTER. Yes.

The CHAIRMAN. Without objection, you can submit one lease, which will be treated as being identical with all the others in form.

[B. L. Form No. 26 (A).]

Temporary lease No. 1051.

Name, Carpenter, F. W. Barrio, Manila, P. I., Tala estate.
Part of lot 869, sheet 17, section 1. Area 14. H. —. A. —. C.
Class, 5th unirrigated. Percentage, ———. Rental, ₱4.20. Pay-
able June 1 and December 1. Effective from Jan. 1st, 1910, to
December 31st, 1912.

Lease.....	Parcel.....	Credits,	₱.....
Lease.....	Parcel.....	Credits,	₱.....
Total credits, ₱.....			

DEPARTMENT OF THE INTERIOR.

DEPARTAMENTO DE LO INTERIOR.

BUREAU OF LANDS.

OFICINA DE TERRENOS.

Friar Lands Division.

División de los Terrenos de los Frailes.

Tala Estate.	} Temporary lease No. 1051.
Hacienda.	
Rizal Province.	
Provincia.	
Arrendamiento provisional No.	

This indenture, made in duplicate, this 19 day of December, 1909,

Esta escritura hecha por duplicado, hoy día 19 de Diciembre, 1909,

between C. H. Sleeper, Director of Lands, acting for and on behalf of
entre C. H. Sleeper, Director de Terrenos, en nombre del

the Government of the Philippine Islands, as authorized by the
Gobierno de las Islas Filipinas, según autorizan las

provisions of the friar lands act No. 1120, as lessor; and F. W.
disposiciones de la Ley de los Terrenos de los Frailes, No. 1120, como Arrendador; y

Carpenter, a resident of the municipality of Manila, Province of
F W Carpenter residente del municipio de Provincia de

Manila, as lessee:

Manila, como arrendatario:

Witnesseth, That said lessor, for and in consideration of the rents,

Hace constar, que dicho arrendador, en consideración de las rentas,

covenants, and conditions hereinafter stated, and hereby agreed to be
pactos y condiciones más adelante expresados, y que por la presente conviene

paid, observed, and performed by said lessee, does hereby lease, let,
pagar, observar y cumplir dicho arrendatario, arrienda, cede

and demise unto the said lessee that certain tract or parcel of land,
y traspasa á dicho arrendatario la parcela de terreno

situate in the municipality of Caloocan, Province of Rizal, known and
situada en el municipio de Caloocan, Provincia de Rizal, conocida y

designated as lot No. part of 869 of said estate, and containing an
designada como lote No. partede 869 de dicha hacienda, y que contiene un

area of 14 H.— A.— C., in accordance with the official maps and
área de 14 H.— A.— C., de acuerdo con las mapas oficiales y

records of technical descriptions of surveys and boundaries of said
registros de las descripciones técnicas de las mediciones y límites de dicha

lot, which are on record in the office of the lessor in the bureau of lands
parcela, que obran en la oficina del arrendador en la oficina de Terrenos

at Manila.

en Manila.

To have and to hold the above-described lot, with the appurtenances

Para que tenga y posea la parcela arriba descrita, con todas las pertenencias

thereunto of right belonging, unto said lessee, for a term of three
que de derecho le corresponda, dicho arrendatario, por un término de 3

years, dating from the first day of January, 1910, until the last day
years, desde el día 1.º de enero, 1910, hasta el último día

of December, 1912.

de diciembre, 1912.

Subject, nevertheless, to the provisions of one certain preliminary
contract of lease, executed on the twentieth day of April, A. D. 1908,
by and between the parties hereto; said preliminary contract being
by the act of said parties herein incorporated, and constituted a
part of this instrument.

In consideration whereof, and recognizing said lot as the property

En consideración á lo cual, y reconociendo dicho lote como propiedad

of the Government of the Philippine Islands, said lessee hereby
del Gobierno de las Islas Filipinas, dicho arrendatario se compromete por la presente

agrees to pay annually as rental therefor, to said lessor, or his duly
á pagar anualmente como renta del mismo, á dicho arrendador, ó á su

authorized representative, at such place as said lessor may designate,
representante debidamente autorizado, en el lugar que el repetido arrendador designe

the sum of four pesos and twenty centavos (P4.20), in two equal
la cantidad de 4 pesos 20 centavos (P4.20), en dos plazos

installments, on or before the first days of each June and December
iguales, el día 1.º de ó antes, junio y diciembre

during the term of this lease: *Provided, however,* That if said lessee
mientras dure este arrendamiento: *Entendiéndose, sin embargo,* Que si dicho arrendatario

so elects, the total annual rental may be paid on or before the date
lo eligiese, toda la renta anual puede ser pagada en la fecha primero mencionada, ó antes,

first stated, during each year of said term: *And provided further,*
durante cada año de dicho término; y *entendiéndose, además,*

That upon default of said lessee in the payment of any such first
que al dejar dicho arrendatario de pagar cualquiera de dichos primeros

installment of rental as aforesaid, the total annual rental shall there-
 plazos de renta como queda dicho, toda la renta anual vencerá y
 upon become due and payable.

será pagadera acto seguido.

In further consideration, and as an essential condition of this
 En consideración además, y como condición esencial de este

lease, said lessee does hereby waive and renounce his right, under
 arrendamiento, dicho arrendatario renuncia por

the provisions of section 80 of the code of civil procedure, to notice
 la presente su derecho con arreglo á las disposiciones del artículo 80 del código de procedimiento civil de ser
 notificado

or demand for payment of rentals due, likewise waiving and renounc-
 ó demandado para el pago de las rentas debidas, renunci-

ing any right which he might have under the provisions of article
 ando de igual modo cualquier derecho que pudiera tener por virtud de las disposiciones del artículo

1575 of the civil code to a reduction of rental on account of loss or
 1575 del código civil á una reducción de la renta por razón de pérdida ó

damage suffered by reason of any and all extraordinary or unfore-
 daños sufridos por causa de casos fortuitos extraordinarios ó impre-

seen fortuitous events. Said lessee agrees that he shall not sublet
 vistos. Dicho arrendatario se compromete á no subarrendar

or sublease said lot, or any part or parts thereof, nor shall he transfer
 el referido lote ni ninguna parte del mismo, á no transferir

or assign this lease, without first having secured the written consent
 este arrendamiento sin obtener previamente el consentimiento por escrito

of said lessor, and that he shall not commit any waste nor permit
 del arrendador, y á no cometer ningún destrozo ni permitir

any trespass upon said lot, but that he shall report immediately
 ninguna invasión de dicho lote, y á dar cuenta inmediatamente

to said lessor any trespass or attempted trespass thereon, or any
 al arrendador de cualquier invasión ó tentativa de invasión del mismo y de cualquier

action of any person or persons upon any adjacent property, which
 acto de cualesquier personas en propiedad adyacente

might result in injury or damage to said lot.

que pueda dar por resultado el daño ó perjuicio de dicho lote.

Said lessee further agrees that upon the expiration of the term
 Dicho arrendatario conviene además, que á la expiración del plazo

hereinabove stated, or upon the default of said lessee in the perform-
 antes designado, ó al faltar dicho arrendatario al cumpli-

ance of any of the conditions hereof, said lessor may terminate this
 miento de cualquiera de las condiciones de este contrato, el referido arrendador podrá dar por terminado este

lease; and that upon its termination for such default, said lessee
 arrendamiento; y que á la terminación de este por dicha falta, el repetido arrendatario

shall vacate said lot immediately: *Provided, however,* That any sum
 dejará inmediatamente desocupado dicho lote: *Entendiéndose, sin embargo,* Que cualesquier

or sums of money due by said lessee to the Government of the Philip-
 cantidades de dinero que dicho arrendatario debe al Gobierno de las Islas Fili-

pine Islands, for rental accruing upon this lease, or for damages
 pinas por concepto de rentas de dicho arrendamiento, ó por daños

arising from any breach of the conditions hereof, shall be at all times
 provenientes de cualquier infracción de las condiciones de este contrato, será siempre
 a valid first lien upon all buildings, fixtures, and other property
 un primer gravamen válido sobre todos los edificios, instalaciones y demás propiedad
 belonging to said lessee and situated upon said lot, and if, upon the
 perteneciente al repetido arrendatario que estén situados en dicho lote, y si, á la
 termination of this lease on account of such default of said lessee,
 terminación de este arrendamiento por razón de dicha falta del mencionado arrendatario,
 as aforesaid, there remains due to said Government of the Philippine
 como queda dicho, restan cualesquier sumas de dinero debidas á dicho Gobierno de las Islas
 Islands any sum or sums of money, whether for rental or otherwise,
 Filipinas, sea por concepto de renta á por otro concepto, como queda
 as aforesaid, said lessee shall not remove said property from said
 expresado, dicho arrendatario no retirará la mencionada propiedad del repetido
 lot without first having satisfied such indebtedness, or without first
 lote sin haber previamente satisfecho semejante deuda, ó sin
 having secured the written consent of said lessor to so remove said
 haber obtenido previamente el consentimiento por escrito del repetido arrendador para
 property: *And provided further*, That if such property has not been
 retirarla: *Y entendiéndose además*, Que si dicha propiedad no ha sido
 removed from said lot at the expiration of thirty days from the date
 retirada de dicho lote á la expiración de treinta días desde la fecha
 of said termination for default, then it shall be considered that said
 de la terminación del contrato por incumplimiento, se considerará que el mencionado
 lessee has relinquished and abandoned all right, title, and interest
 arrendatario ha abandonado todo derecho, título é interés
 in and to said property, and said lessor may enter upon said lot and
 sobre la propiedad repetida, y el arrendador podrá entrar en dicho lote y
 take possession thereof, and likewise of said property, by right of
 tomar posesión del mismo, así como de la mencionada propiedad por derecho de
 accession.
 accesión.

In testimony whereof said parties have hereunto set their hands.
 En testimonio de lo cual, las referidas partes lo firman de su puño y letra.

C. H. SLEEPER,
 C. W. R.,
Director of Lands.
Director de Terrenos.
 F. W. CARPENTER.

Signed by the lessee in the presence of—
 Firmado por el arrendatario en presencia de—

JUAN CRAAG.
 PASIOR M. VALENOLA.

Approved:
 Aprobado:

DEAN C. WORCESTER,
Secretary of the Interior.
Secretario de lo Interior.

Mr. MARTIN. I want to begin with some matters growing out of the lease to E. L. Worcester. You stated, Mr. Worcester, that you believed that you had been grossly libeled by certain Filipinos, I believe, 12 in number, who were conducting a paper called "El Renacimiento," with reference to this lease, among other things.

Mr. WORCESTER. If you will excuse me, I will ask you to refer to the testimony when you make remarks as to what I stated. We have the records before us, and I should prefer to have you use it.

Mr. MARTIN. Yes, sir; I will be glad to do that. On page 577 you said:

There is a difference of opinion as to whether there was any criticism. I thought there was, and I thought that that criticism was of such a nature as to reflect very severely on me; and the public prosecutor of the city of Manila also thought there was.

You also said the judge thought that it did refer to you in the criminal action, whereupon three of those persons were sentenced to periods of six, six, and eight months in the penitentiary.

Mr. WORCESTER. That should read nine instead of eight.

Mr. MARTIN. Instead of what?

Mr. WORCESTER. It should read six, six, and nine months.

Mr. MARTIN. And ordered them to pay fines in addition of two to three thousand pesos each. You also said that the judge in the civil action did not consider the evidence of the defense sufficient and awarded you a judgment of \$30,000 in damages, of which you have collected—the amount can go in there; it is in the record.

Mr. WORCESTER. I think you are wrong, sir.

Mr. MADISON. It did not go in the record.

Mr. MARTIN. I recall Mr. Worcester said he had gotten fifteen or twenty thousand pesos, that he got a little every now and then. Mr. Worcester, who appoints the judges before whom this action was tried?

Mr. WORCESTER. My recollection is that the judges of the courts of first instance are appointed by the Governor General.

Mr. MARTIN. Are they not recommended by him and their appointments approved by the commission?

Mr. WORCESTER. I think the appointments made by the Governor General are subject to approval by the commission.

Mr. MARTIN. Are not these judges removable by the commission at its pleasure?

Mr. WORCESTER. No.

Mr. MARTIN. They are not?

Mr. WORCESTER. The commission can inaugurate no movement looking to their removal so far as I know; it certainly has never done so.

Mr. MARTIN. Is there any provision of Philippine law whereby the commission, at its pleasure, can remove these judges of first instance in the Philippine Islands?

Mr. WORCESTER. I never heard of any such provision.

Mr. MARTIN. How do you remove them?

Mr. WORCESTER. I think that measures for their removal would be inaugurated by the Governor General.

Mr. MARTIN. In order to be perfectly fair and frank with you, Mr. Worcester, I will say that I have been informed that all of these

judges are appointed by the governor general of the Philippine Islands upon the approval or confirmation of the commission and that they are removable by the Philippine Commission at its pleasure.

Mr. PARSONS. What is the law?

Mr. MARTIN. I am advised that is the law.

Mr. PARSONS. Can you refer to it? Let us have the law and put it in the record.

The CHAIRMAN. In any event, I do not see that this is a matter that the committee is investigating.

Mr. CRUMPACKER. I do not, either.

Mr. HAMILTON. Are these jury trials?

Mr. MARTIN. These were not jury trials, were they?

Mr. WORCESTER. No; in criminal cases the law provides for the appointment of two assessors to assist the judge; we have no jury trials in the Philippine Islands.

Mr. MARTIN. These men were tried without a jury for a felony, convicted, and sent to the penitentiary, and that sentence has been, since the last session of this committee, confirmed by the supreme court of the Philippine Islands.

Mr. WORCESTER. If you will pardon me, sir, I do not understand that your statement is correct. One of the persons convicted seems to have been set free by the supreme court of the Philippine Islands and the penalty seems to have been increased in the case of another, so far as I can judge from the newspaper reports.

Mr. MARTIN. To one year? You saw the newspaper report, did you, that one of these men had been sent to the penitentiary for a year?

Mr. WORCESTER. I saw the report cabled from Manila. Permit me to say, in passing, that as far as I remember, no action for the removal of a judge has ever been taken; at all events none has been taken when I have been present at a meeting of the commission, which may explain my unfamiliarity with the procedure. We do not find it necessary to remove judges with frequency in the Philippine Islands.

Mr. MARTIN. Are not the judges of the supreme court removable in the same way—by the Philippine Commission at its pleasure—as the judges of the courts of first instance?

Mr. WORCESTER. You are asking me a question about something with which I am not especially familiar. I am not the secretary of finance and justice, and I am obliged to give you my recollection. My recollection is that the judges of the supreme court are appointed by the President and confirmed over here. They are not appointed by the governor general at all, and the Philippine Commission has nothing whatever to do with their appointment, directly or indirectly. I make this statement offhand, and it is subject to correction when I have read the law, because I do not assume to carry all of the Philippine laws in my head.

Mr. MARTIN. How does it come that the judges of first instance in Manila did not try this civil case, but that Judge Jenkins was brought in from some northern district in the islands?

Mr. WORCESTER. I understand that he was serving as judge of first instance in the city of Manila when he tried it.

Mr. MARTIN. Was he brought in by the other judges, who refused for some reason to sit in the case?

Mr. WORCESTER. I do not understand that any judge refused to sit in the case.

Mr. MARTIN. But it is a fact that a judge of first instance in Manila did not try this case, but it was tried by Judge Jenkins, whose jurisdiction was in a northern district?

Mr. WORCESTER. His jurisdiction, at the time he tried the case, was in Manila.

Mr. MARTIN. I understand that.

Mr. WORCESTER. It is the business of the——

Mr. MARTIN. I mean the district to which he was permanently assigned was in the northern end of the islands.

Mr. WORCESTER. I think that Judge Jenkins was still in Manila at the time I left to come here. I am not prepared to say to what district he was permanently assigned or that he was permanently assigned to any district. Our judges are assigned as the occasion and the work of the dockets in the several districts require, and the assignments are not permanent. A judge may be transferred from one district to another.

Mr. MARTIN. I understand that one of these defendants, who has been sent to the penitentiary, is a member of the Philippine Assembly?

Mr. WORCESTER. Teodoro M. Kalero was a member of the Philippine Assembly.

Mr. MARTIN. Is he a member now?

Mr. WORCESTER. I could not say, sir. As far as I know, he is.

Mr. MARTIN. Is it not a fact that your prosecution of these Filipinos for this alleged libel, and the results of it, has created a feeling of extreme bitterness among the Filipinos generally, not only with reference to yourself but with reference to the American administration there?

Mr. WORCESTER. I am not prepared to say, sir, what may be the feeling of the Filipinos generally, as a result of this action. I have been informed by gentlemen whom I believe to be in a position to know, that the better element among the Filipinos rejoice at the result which was brought about in this case.

(The question put to the witness by Mr. Martin at this point was, upon motion, ruled out.)

Mr. CRUMPACKER. I object. This whole cross-examination, so far as I can see, is not confined to the issues, is not confined to the investigation of the administration of lands but to the administration of courts. It will occupy a week's time if we go into cross-examination upon all these collateral and incidental irrelevant matters. The administration of the courts down there, or the law, it seems to me, is not involved in this investigation at all.

Mr. JONES. Why, Mr. Crumpacker, did we go into this in the examination in chief?

Mr. CRUMPACKER. Because it was brought out on cross-examination by some members of the committee as to the state of the public opinion down there respecting the law and as to how it should be applied. But I think and, of course, that was, it seems to me, largely immaterial; no court would have permitted that kind of an examination; but in an investigation of this kind the rules of evidence are not to be observed and enforced as they are in courts when a member of the committee asks a question, but when some one on the outside asks permission to make a cross-examination of a witness

respecting material questions I think the committee, as a matter of self-defense, ought to insist that the cross-examination should be confined to the subject matter of the investigation.

Mr. MARTIN. I would like to say a word, Mr. Chairman. The witness was asked whether any criticism had grown out of this lease to his nephew.

The CHAIRMAN. He was asked that question by yourself, was he not?

Mr. MARTIN. No, sir; he was asked that question by the gentleman from Ohio, Mr. Douglas, and he immediately proceeded to say there had been.

Mr. DOUGLAS. What page is that on? I have no such recollection.

Mr. HAMILTON. He detailed the progress of the criminal suit that grew out of it, in a manner that was very creditable to himself.

The CHAIRMAN. Just one moment. This committee is instructed by the resolution under which it is acting "To make a complete and thorough investigation of the Interior Department of the Philippine Government touching the administration of Philippine lands and all matters of fact and law pertaining thereto." Now, we have nothing to do with the appointment of judges in the Philippine Islands nor, indeed, with the trial of libel suits, and this whole investigation, touching those points, is not within the jurisdiction of this committee under this particular resolution. The committee itself has a very general authority touching all legislation concerning these islands, and members of the committee have asked some questions, undoubtedly, which were not strictly covered by the resolution, but the motion under which Mr. Martin, not a member of the committee, is permitted to ask questions, calls upon him to confine his investigation to the subject matter of the inquiry under the resolution, and as that inquiry has nothing to do with the appointment of judges or trial of libel suits, the chair hopes that Mr. Martin will confine himself to the subject matter of this special inquiry.

Mr. CRUMPACKER. The idea is to discredit, upon something collateral, the secretary of the interior of the Philippine Islands?

Mr. PARSONS. I move to strike out that part in which he said that Mr. Worcester boasted. I move to strike that out.

Mr. CRUMPACKER. I think counsel ought to be courteous; if he enjoys the courtesy that the committee has extended to him he must observe due courtesy toward the witness and the committee.

Mr. JONES. I think, Judge Crumpacker, that Mr. Martin ought to confine his questions to the subject-matter of this investigation; at the same time, it is very difficult to do that, considering the wide range that this testimony has taken thus far. I have felt all along that we were going far beyond what we were authorized to do, and if there is to be an understanding on the part of the committee now that henceforth this investigation is to be confined strictly to the questions raised by this resolution of inquiry, I have nothing further to say as to this examination on the part of Mr. Martin. I hope very much, if that is the sense of the committee, that the gentlemen who are now objecting to these questions will not insist upon bringing future testimony before the committee that has absolutely nothing to do with the matter we are charged with investigating.

The CHAIRMAN. The chair hopes that the investigation hereafter will be, on the part of the members of the committee and others, confined to the subject matter of the resolution under which we are acting. It is perfectly manifest that unless it shall be so confined we will be utterly unable to conclude the testimony and report during the life of the present Congress.

Mr. JONES. Gentlemen have taken up hours and hours—one gentleman, a member of the committee, I have in mind—with questions as to the sugar industry down there and questions relating to sugar. I thought at the time—but I did not like to object—that we were taking up a great deal of time and imposing a great deal of expense upon the Government unnecessarily.

Mr. CRUMPACKER. There is this to be said in relation to the scope of the examination by members of the committee: This committee is charged not only with this investigation, but, as a general proposition, with legislation, and I can well excuse a member of the committee who may branch off in order to get information affecting general conditions down there which may not pertain, strictly speaking, to the subject matter under consideration, but the committee may follow a lead which might develop some useful general information respecting conditions in the islands that might be helpful some time later or helpful to a general knowledge, but when a Member of the House asks permission to cross-examine a witness like an attorney, and permission is given on condition that it be confined to the real issues, I think, perhaps, a different policy ought to be applied.

Mr. JONES. I would say in connection with that, Mr. Chairman, that I will repeat what I have already said, that I think the investigation should be confined to the subject matter of the resolution, but Mr. Martin occupies a peculiar position here. He does not appear as an attorney; he is the author of the resolution under which this investigation is being conducted. He has made certain charges against the Philippine Commission, and Mr. Worcester and other witnesses who have testified here, especially Mr. Worcester, have gone into great detail in replying to the speech that Mr. Martin delivered on the floor of the House of Representatives, taking that speech up sentence by sentence and replying to it more in an argumentative way than as a matter of testimony, and therefore, it seems to me, that some liberality ought to be shown Mr. Martin in the matter of cross-examination.

Mr. MADISON. I suggest that we proceed, and that as questions are asked, if objections are made, the committee then pass on them with no further argument. I think we all know what the investigation is about and whether or not we want to hear the evidence. If we get into a discussion over these questions it will not only be the life of this Congress, but the life of the Members of the Congress before we can ever conclude it. I think the present question is improper; it is in the way of argument and decidedly improper by way of argument and inference. We might pass on that particular question and then go on.

Mr. JONES. It is true, though, is it not, that that question relates to a statement made by the witness in his examination in chief?

Mr. MADISON. No. The question now is: Are the best among these people the same as those who 125 years ago were called Tories in this country? That is the question that was asked.

The CHAIRMAN. The Chair sustains the objection to the question.

Mr. HAMILTON. I would like to make an inquiry.

Mr. PARSONS. I made a motion. I move that there be stricken from the record that part of Mr. Martin's question in which he characterized the statement and the manner of statement of Mr. Worcester in regard to this libel suit.

Mr. DOUGLAS. I second the motion.

(The motion made by Mr. Parsons prevailed.)

Mr. HAMILTON. I desire to inquire whether the scope of this investigation covers what I understand to be Mr. Martin's allegation of favoritism shown by Mr. Worcester to his nephew? In a general way, does the scope of this investigation cover that transaction?

The CHAIRMAN. The Chair is of the opinion that it does. That is part of the administration of the Philippine Islands touching the sale of lands.

Mr. MARTIN. I understand, then, that the committee does not care to have the inquiry pursued any further with reference to the constitution of the courts over there and the appointment and removal of the judges.

Mr. DOUGLAS. The committee has indicated no such intention and no such wish. We have ruled out one question.

The CHAIRMAN. Mr. Martin will please pursue his examination.

Mr. JONES. I understand, Mr. Martin, that the only question ruled out was that with reference to the Philippine tories. So I suggest you proceed with your examination.

Mr. MARTIN. I would like to ask that question, though it has been ruled out, in a different way and different form. If it is objectionable I will drop it. I would like to know the proportion of the Philippine population which Mr. Worcester referred to as the better element, and by what characteristics or conditions he distinguishes between that element and the other?

Mr. DOUGLAS. I object.

The CHAIRMAN. The objection is sustained.

Mr. MARTIN. It is a fact, though, Mr. Worcester, that outside of the "better element" in the Philippine Islands there has been a great deal of bitterness and animosity stirred up over the prosecution and sentencing of these Filipinos; that is a fact, is it not? And that it has further served to render the administration there unpopular and caused it to be considered as oppressive.

Mr. CRUMPACKER. I believe I will object to that; it has no sort of relevancy.

The CHAIRMAN. The objection is sustained.

Mr. MARTIN. Your position over there is a position of great power in the Philippine Islands, is it not?

Mr. WORCESTER. Yes, sir.

Mr. MARTIN. You are not only secretary of the interior and a member of the Philippine Commission and chairman of this joint commission between the Philippine Commission and the assembly, but you rank next in influence, virtually, to the Governor of the Philippine Islands; is not that a fact?

Mr. WORCESTER. I should say, sir, that the Vice Governor of the Philippine Islands might be held to rank next in influence to the governor, and I am not the vice governor.

Mr. MARTIN. I could not expect you to make the admission, but I understand that you are the most powerful and influential official

in the Philippine Islands by virtue, not only because of your ability and long residence there but your intimate knowledge of all the affairs of the islands. Following that statement up, which I will make for you, if it is not objected to, you have said that your nephew——

Mr. WORCESTER. I may say in that connection that I do not know that Mr. Martin is authorized to speak for the people of the Philippine Islands in regard to that matter. I appreciate the very great compliment he has paid me, but choose to regard it as a personal tribute rather than as representing anything in the shape of public opinion in the Philippine Islands. [Laughter.]

Mr. MARTIN. You have said that your nephew has refused several appointments because of your objection?

Mr. WORCESTER. I have stated that appointments have been offered to him and I have objected to his accepting them.

Mr. MARTIN. And if he wanted to lease public domain is it not altogether likely, owing to your position and influence, that his wishes, by reason of this situation, would be acceded to if you did not object?

Mr. WORCESTER. If my nephew requested a thing which any American residing in the Philippine Islands had a right to request and a right to obtain, he could get it whether or not I objected, as I understand it. In other words, I think my nephew could have taken me into court and compelled me to give him a lease to that land. That answers your question.

Mr. MARTIN. A great deal has been stated here by yourself, and other gentlemen representing the Philippine Government, with reference to the Carpenter lease, about the great popularity of Mr. Carpenter in the Philippine Islands, about the poor character of the Tala estate, and about the failure of the Filipinos to criticize that lease. Do you regard those as tests or criterions of the lawfulness or propriety of the contract that was entered into with Mr. Carpenter?

Mr. WORCESTER. Not at all, sir.

Mr. MARTIN. This contract with Mr. Carpenter contains special provisions which you say have been embodied in the leases executed under it and which it has been testified were not incorporated in any other contract that has been executed by the Philippine Government. That is a fact, is it not?

Mr. WORCESTER. I think that Mr. Carpenter's contract contains some conditions which have not been included in any other contract; certainly it contains a group of conditions which have not been included, in their collectivity, in any other contract.

Mr. MARTIN. I am not going into what the conditions are; they have been gone into and the record speaks for itself. But what I want to know is: Would you approve other or further contracts of like character?

Mr. WORCESTER. I would, indeed, under similar conditions.

Mr. MARTIN. Would you apply them to all the friar estates?

Mr. WORCESTER. I would apply them to unoccupied lands on any friar estate in connection with which there was not any reasonable probability of rental under the ordinary conditions; that is, to actual occupants or to people who might be persuaded to come on to the

estates as such. Our object is, as far as possible, to get these estates divided up among the Filipino people themselves.

Mr. MARTIN. There is no difference in law or in any other regard between the Tala estate and the other friar land estates which would justify any differentiation, is there?

Mr. WORCESTER. None whatever, sir.

Mr. MARTIN. So that if the lessee of the Tala estate was entitled to a contract or agreement whereby the Government would build bridges to and upon that land, all the other friar estates and lessees of them would be entitled to the same special privileges and conditions, would they not?

Mr. WORCESTER. You are talking about a lessee of the Tala estate, and there is no such lessee.

Mr. MARTIN. I understand your meaning.

Mr. WORCESTER. Nor is there any lessee of any other estate with the exception of the Isabela estate. I have already replied to the balance of your question, as I understand it. I would do the same thing with reference to the other estates under similar conditions, supposing them to exist, which I did on the Tala estate.

Mr. PARSONS. What was that in that question about building bridges?

(The stenographer repeated the question, as follows: So that if the lessee of the Tala estate was entitled to a contract or agreement whereby the Government would build bridges to and upon that land, all the other friar land estates and lessees of them would be entitled to the same special privileges and conditions, would they not?)

Mr. MARTIN. I will change the word "lessee" to "contractee."

Mr. HAMILTON. If you change that word "lessee" to "contractee" in that question, it makes what follows by way of explanation superfluous. Why not leave it, Mr. Martin, as it stands?

Mr. MARTIN. Let it stand "lessee." I will say this, that these instruments were all options to purchase; whether it was a contract or whether it was a lease, it carried with it an option to purchase the lands, so that they were, in effect, optional sales.

Mr. CRUMPACKER. There was a condition in the contract, because, under the law, there is no power to sell; it was a contract to lease, and if the law should be changed there was to be an option to buy. And there is another thing: I think the question assumes that there is a condition in the contract that the Government shall build bridges and furnish police protection; I understand that all there is in the contract or all the contract contains upon that subject is that Mr. Sleeper would use his influence to induce the Government—

Mr. MARTIN. His official influence.

Mr. CRUMPACKER. Well, his official influence.

Mr. MARTIN. And the Secretary of the Interior placed his approval on it?

Mr. CRUMPACKER. Yes. That Mr. Sleeper may use his official influence all he pleases, but there is no agreement that the Government shall build bridges, or shall police it, but the question imports that there was such an absolute agreement. I do not want to speak discourteously, but I think the gentleman is assuming that the contract contained things that are not in it at all. I have it here: "It is further agreed that in the event of war," and so on, and "It is further agreed that said party of the first part will, in his official

capacity, endeavor to obtain on the Tala estate adequate police protection," and so forth. That is Mr. Sleeper; he agrees that he will endeavor to use his influence and recommend it officially, but there is no contract that the Government shall do it.

Mr. WORCESTER. The passage in question, if you will allow me to quote it, Judge Crumpacker, reads as follows:

It is further agreed that said party of the first part will, in his official capacity, endeavor to obtain on the Tala estate adequate police protection and to secure all possible assistance from the Government for the construction of highways and bridges on and to the lands of said estate.

The CHAIRMAN. In other words, that is the condition to which Mr. Martin refers?

Mr. MARTIN. That is the one I refer to.

Mr. WORCESTER. In general, I may say, Mr. Martin, in reply to your question, that it is the policy of the department of the interior to endeavor to secure the construction of roads on all of the friar estates where there are large areas of unoccupied lands which are at present inaccessible on account of the lack of means of transportation. We believe that we can not dispose of these lands to the best advantage until it becomes possible for people to get their products out, and we have urged each year in the regular appropriations passed by the Philippine Legislature a special item for the construction of roads as well as for the repair of irrigation works on the friar estates, and special items have actually been included in appropriation bills providing funds for these purposes.

(Recess until 2 o'clock p. m.)

AFTER RECESS.

THURSDAY, JANUARY 5, 1911.

The committee resumed its hearing at 2 o'clock p. m., Mr. Olmsted (chairman) presiding.

TESTIMONY OF MR. DEAN C. WORCESTER—Continued.

The CHAIRMAN. Mr. Martin, will you suspend your examination? Mr. Rucker would like to ask a question of the witness.

Mr. RUCKER. Mr. Worcester has my question there, written out. Just give it to the stenographer.

Mr. WORCESTER. I intended to hand it back.

The CHAIRMAN. Shall I put your question, Mr. Rucker?

Mr. RUCKER. Yes, sir. The stenographer will please read it.

The CHAIRMAN. This is addressed to the chairman. It reads:

Mr. Chairman, with yours and the committee's indulgence, I wish to ask Mr. Worcester this and possibly other kindred questions:

Mr. Secretary, on the 20th ultimo I propounded to you a question, not literally taken down by the reporter, yet you seem to have gotten my meaning—and you answered, but too briefly. Since that time, the Secretary of War sent a report under seal to Congress which was returned sealed, and Congress and the country are in ignorance of what this report contained.

It is not, in my judgment, afieid of the present inquiry to ask you in view of this unprecedented official record and the constantly recurring rumors as to our strained relations with Japan, Do you believe that Japan, politically speaking, has any alliance with any organization of a political character in the Philippines? You are aware of the fact that it is generally known that soon after the cessation of hostilities in the Philippines there was an agreement entered into between certain leading insurrectionists of the island and some supposed representatives of the Japanese Government looking to the amalgamation of the two countries. Up to a year ago one-half of the signers on the part of the Philippine people declined to be bound longer by this arrangement?

Please tell the committee, if you know, what has become of that agreement and what, in your judgment, is the attitude of the leading Filipinos at the present time with reference to it.

Mr. HAMILTON. I suppose, Mr. Chairman, that question is an illustration of some questions that were under consideration here this morning, and which involved the question of whether Mr. Martin should have the right to cross-examine. Strictly, this question does not come within the scope of the investigation of the committee; but as I understand, members have availed themselves of the right, as members, to submit questions that are not entirely relevant.

Mr. DOUGLAS. Do I understand that that is a question put by Mr. Rucker?

The CHAIRMAN. Yes.

Mr. RUCKER. I want to say that my question propounded, I think, on the 20th of last month, was as to what was holding back the occu-

pation of the Philippine lands, the idea being that there was this rumor, that there was supposed to be this estrangement between the Japanese Government and our Government, and that that might have had something to do with the lack of purchasers, or would-be purchasers, upon this and other lands in the Philippines. And so I ask this question, because it has come up here very strangely, that the Secretary of War would send a communication to Congress under seal, to be sent back sealed. I having had the opportunity of knowing something personally about this relation over there, and knowing that Mr. Worcester, because of his long sojourn in that country, necessarily would have some information upon the subject, put the question. I submit the question is pertinent.

The CHAIRMAN. It seems to me, Mr. Rucker, that that would be opening the door to a pretty broad investigation outside of the inquiry, if we were to go into the relations between the Philippines and the Government of Japan. Possibly if you ask the simple question whether there were not relations of that kind which covered the sale of lands in the Philippines that might be pertinent; but it seems to me that this whole inquiry, if followed up, would lead to almost an exhaustless investigation outside of the purpose of this resolution under which we are proceeding.

Mr. HAMILTON. I understand that Mr. Martin would be prohibited from cross-examining in relation to any matter brought out in response to this question. I assume that he would under the action that was taken this morning.

Mr. RUCKER. I assure the committee that this is not with reference to Mr. Martin's inquiries. It is on my own initiative. I believe that it has a vital bearing upon the question of what can be done, or what ought to be done, with the lands in the Philippines, and that what is holding back the occupation of that country is the strained relations between this country and Japan.

Mr. JONES. I would like to ask my colleague if he would not be willing to postpone the asking of this question until after Mr. Martin has finished with his cross-examination of Mr. Worcester?

Mr. RUCKER. Certainly.

Mr. JONES. He had started upon that. After he gets through with that, then you could take up the examination in chief.

Mr. RUCKER. I think it would be very appropriate to do that.

The CHAIRMAN. The Chair understands that for the present the question is withdrawn?

Mr. RUCKER. It is withdrawn.

The CHAIRMAN. Very well. You may proceed, Mr. Martin.

Mr. WORCESTER. Mr. Martin, may I ask your indulgence for one moment?

Mr. MARTIN. Certainly.

Mr. WORCESTER. There is one matter that I wished to bring to the attention of the committee this morning, but I desired that all the members possible should hear my statement; and as the attendance was a little small when I began I passed it by and then forgot to take it up. The other day, owing to my ignorance of the exact conditions relative to the public-land lease granted to the assistant director of lands, I think I left an improper impression on the minds of the committee, which might reflect on Mr. Wilson. In point of fact I did not realize until the question was put to me on the stand

that Mr. Wilson had not completed his lease, and I could not offhand state the reason and be sure of it. I have found out what the reason is, and I wish to say to the committee that it is through no fault of Mr. Wilson that he has not completed his lease. He has applied for the necessary survey and has been anxious to go on and complete it. The situation, very briefly, is this: Mr. Wilson's land is, like most of the other tracts of land which it has been sought to lease in Mindanao, remote and difficult of access.

The survey force of the bureau of lands has been constantly kept far below the force which the director of lands deemed necessary, and which I thought was necessary, to perform with a reasonable degree of promptness the survey work requiring to be done. For reasons which seemed to us sufficient, preference has, from the start, been given to the friar-land surveys at the expense of other surveys. Now that those surveys are completed, and, indeed, as rapidly as they were completed the force of surveyors has been diverted to take up this other work. The surveys which are required to be made in connection with the decrees of the court of land registration are necessarily made immediately. The law on this subject is mandatory, and we are not left to exercise our judgment in regard to it. Then there come up to be considered various other kinds of surveys. On the 1st of July of the present year there were pending 12,000 free-patent surveys as against 147 public-lease surveys. Those are surveys which concern the common people, and they are surveys in connection with the kind of claims that we have been trying to push. Think how long it will take us with the force we have now to attend simply to those 1,200 free-patent surveys. The facts are these: Mr. Wilson's lease has not been completed because the survey work resting on the survey force of the bureau of lands was such that it seemed better to keep the surveyors busy with other things; and for that failure to complete the lease Mr. Wilson himself is not in any way to blame. The responsibility for that must rest upon the director of lands and myself.

I will also call the attention of the committee to the matter which I had inserted on page 549 of the testimony. I was asked by the chairman how long it would take to pay the friar-land bonds from the proceeds of the sale of public lands. At least that is the question the record shows. I had previously been asked that question and had replied that the proceeds from the sale of public lands would not be a drop in the bucket; but in the present instance it would appear that I had said I would ascertain how long that would take and would advise the committee.

The problem, stated concretely, is this: As the annual interest on the friar-land bonds is \$280,000, and the estimated annual administrative expenses are \$25,000, making a total of \$305,000, how long would it take to meet these annual charges from annual receipts amounting for the past year to \$15,684.55, and also to retire the principal. It is obvious that the reply to that question is that all eternity would be by far too short a time. In other words—

Mr. DOUGLAS. The more time you have under those circumstances—

Mr. WORCESTER. The worse off you are. That is all.

Mr. MARTIN. Mr. Chairman, before resuming with the last question that I attempted to ask with reference to the lease of the Tala estate to Mr. Carpenter, I wish to refer to the questions asked Mr. Worcester with reference to the appointment and removal of Philippine judges, concerning which I will say frankly to Mr. Worcester he expressed a lack of knowledge that I did not look for, and I wish to ask in that connection this question: Whether act No. 136—

Mr. HAMILTON. Mr. Chairman, pardon me. Under the ruling of the chair this morning in relation to some kindred questions, was it not held that this line of investigation was not relevant to the inquiry?

Mr. MARTIN. I understand that a certain question was excluded, but not the whole line of investigation. In fact, Mr. Worcester said that he might want later to correct his statement, whatever statement he might make, about the appointment and removal of these judges.

Mr. DOUGLAS. That was in answer to a question of yours.

The CHAIRMAN. Whatever the law is, that is the law, and we find it in the law.

Mr. DOUGLAS. That is a matter of argument.

Mr. WORCESTER. It seems to me that my recollection of the law would hardly be of use to you gentlemen. You can easily refer to the law itself.

Mr. MARTIN. I understand that. I have right here what I understand to be the law, and it will only take a moment to ask the question. I would like to ask the question and leave it with the chairman to exclude it if he thinks it improper after it is put.

The CHAIRMAN. You may ask the question.

Mr. MARTIN. I wanted to ask if act No. 136 of the Philippine Commission, an act providing for the organization of the courts of the Philippine Islands, enacted or approved June 11, 1901, is not substantially in force there at the present time?

Mr. WORCESTER. Mr. Martin, it would be quite impossible for me to tell you, referring to the number of an act, whether it is substantially in force at the present time. Our acts are very numerous. Many of them have been amended again and again. We have the record, so that you can find out what the law is, if you want to know.

Mr. MARTIN. I will say further, Mr. Worcester, that this act, which is to be found in the volume entitled "Public Laws Enacted by the Philippine Commission, Volume 1," and which appears to be the law governing the organization of courts in the Philippine Islands, provides in chapter 2, at page 254—

Mr. DOUGLAS. I insist that it is taking up needlessly the time of the committee for Mr. Martin to state to the witness and to quote certain laws from the published public acts of the Philippine Commission.

The CHAIRMAN. The Chair thinks it is proper for Mr. Martin, if he wishes, to put in it the form of a brief or letter and to bring our attention to the laws, but the Chair is unable to see how the witness can testify concerning the laws. He could not change them, and he could not make them any different. In any event, I do not see that the question has anything to do with the resolution under which we are proceeding.

Mr. MARTIN. If you will pardon me, I do not see why gentlemen should object to my asking this witness——

The CHAIRMAN. You will please be courteous to the members of the committee as long as you enjoy the courtesy of the committee. Any member of the committee has a right to object to any question he chooses to object to, whether it is asked by Mr. Martin or by a member of the committee or by anybody else. He is perfectly within his right to do so.

Mr. DOUGLAS. It is a matter wholly of argument. The object of it is patent, but it is a matter of argument.

The CHAIRMAN. The Chair sustains the objection.

Mr. MARTIN. I forget the exact form of the language of the last question that I attempted to ask Mr. Worcester. I would like to ask the stenographer to state it.

The CHAIRMAN. The Chair will state that the stenographer who took that question is not present this afternoon. Perhaps you can repeat it with substantial accuracy, or with sufficient accuracy for your purpose.

Mr. MARTIN. To the best of my recollection, I asked Mr. Worcester if Mr. Carpenter, in his contract for the Tala estate, was entitled to have inserted therein certain special provisions with reference to policing it and the building of roads and bridges to and upon it; if all other lessors, or all other persons who took an option to purchase and take over one of these estates, would not be entitled to the same special provisions and conditions; and whether there was anything in the law or elsewhere that justified any differentiation between this and other friar estates in these particulars.

Mr. PARSONS. Can you specify just which conditions you refer to?

Mr. HAMILTON. To that question Mr. Worcester made reply that if the conditions surrounding the other estates were similar——

Mr. RUCKER. That is for the witness to answer

Mr. DOUGLAS. He has answered it.

Mr. HAMILTON. He did answer it.

Mr. RUCKER. This is a concrete question. I do not see any objection to it.

Mr. HAMILTON. I am not making any objection. What I say is simply by way of a suggestion to Mr. Martin.

Mr. RUCKER. Mr. Worcester is ready to answer it.

Mr. HAMILTON. Possibly I ought not to have made any suggestion in that connection, but Mr. Martin was endeavoring, as I understood, to recall the line of his investigation, and I was suggesting to Mr. Martin that he did ask substantially that question, and that the answer was somewhat in line with what I was endeavoring to suggest. I was trying to assist him in getting back to the line of his examination.

Mr. RUCKER. It seemed to me that you were trying to assist Mr. Worcester, and I was going to suggest that Mr. Worcester was absolutely capable of answering it.

Mr. HAMILTON. I know that he does not need any assistance from me.

Mr. PARSONS. I asked if Mr. Martin could not specify just what conditions he referred to, because, with all due respect, he does not quote that exactly. We had some controversy about it before recess.

Mr. MARTIN. I refer to the policing proposition, the building of roads and bridges to and upon it, and to the rental proposition—the rental rate.

Mr. PARSONS. Why do you not turn to the lease itself and state which of those subdivisions you refer to?

Mr. JONES. I hope the gentleman will be permitted to conduct his examination in his own way. I do not think members of the committee ought to suggest to him how he should ask his questions and what questions he should ask.

The CHAIRMAN. The question was a proper one.

Mr. JONES. If we permit him to ask questions we ought to permit him to do it.

Mr. MARTIN. This is a matter that is presumably within the knowledge of Mr. Worcester. I ask him this question with respect to all the special provisions in the contract of Mr. Carpenter, such as it has been stated have not been incorporated in any other contract with reference to these friar estates.

Mr. RUCKER. You do not improve upon the question. Let the stenographer read the question.

The CHAIRMAN. You refer to what was spoken of this morning as the group of conditions found in that lease and not found in the other leases?

Mr. MARTIN. Yes; that is what I refer to.

The CHAIRMAN. The witness will answer the question.

Mr. WORCESTER. I think I answered the question, and we even incorporated in the testimony the exact language of some, at least, of the provisions to which you refer. I said that where the conditions were similar on other estates there was no reason why the same course should not be pursued with any other lessee that was pursued with Mr. Carpenter, and that, so far as I am concerned, I should be glad of the opportunity to follow a similar course on other estates under similar conditions.

Mr. MARTIN. But the fact remains that no other such contract has been executed up to this time containing such provisions.

Mr. WORCESTER. We tried to get some contracts containing some of these provisions on the Tala estate with people who rented after Mr. Carpenter came there, and they declined to accede to certain of the conditions which you seem to think were quite advantageous to Mr. Carpenter—especially that one with reference to the consideration which should be given to cultivation, and the manner of determining what the rentals should be.

Mr. MARTIN. Mr. Worcester, if it was right and proper to enter into this contract with Mr. Carpenter with reference to the Tala estate, would it not also be right and proper to enter into contracts with other officials of the Philippine Government for other of the friar estates?

Mr. WORCESTER. If those officials had first secured proper authority from those who, under the existing rules of the Government, are entitled to give such authority; yes, I should consider it entirely proper.

Mr. MARTIN. You do not attempt to distinguish at all there, then, between that estate and others; and you consider that if they had complied with the condition as to getting authority it would have

been right and proper to have entered into the same kind of contract with officials of the Philippine Government with reference to all of the other friar estates that was entered into with reference to the Tala estate?

Mr. WORCESTER. Mr. Martin, I do not consider that there is any relationship between the propriety of the contract and the estate on which it is granted. It seems to me, if I have understood you correctly, that you have put a good deal more into your last statement of that question than was previously in it. I think it might be somewhat undesirable to rent all of the friar estates in the Philippine Islands to an individual. Furthermore, it is impracticable to do so, as we have ceased to control most of the land in these estates. The only land we control, and which is at present open for consideration in this connection, is the unoccupied land. But I consider that the transaction was, in itself, eminently proper, and that, therefore, it would be proper to repeat it.

Mr. MARTIN. My point is this: If it was proper and right, it must have been proper and right upon the same principle or policy that would be equally applicable to all other friar estates. That is the point I wish to bring out—that you can not be permitted to distinguish between this estate and this official and another estate and another official. They are all absolutely on the same basis.

Mr. WORCESTER. I have no desire to do so, sir. The policy that was being carried out in that connection was this: Having already disposed to occupants on the estate and to other persons whom we could persuade to come on the estate as occupants, of all of the land which we could get rid of in that way, and having remaining on our hands large tracts of unoccupied lands which were causing expense to the Filipino people, what could we do to get that land off our hands so that it would become a revenue producer instead of a revenue consumer? The action we took not only resulted in the transaction with Mr. Carpenter himself, but resulted in influencing a large number of Filipinos to rent tracts of land, many of which, I might call to your attention in passing, were in excess of 16 hectares.

Mr. MARTIN. To carry this illustration a little bit further, if it was right and proper to enter into this contract with Mr. Carpenter with reference to the Tala estate, it must also have been right and proper to enter into a similar contract with him with reference to all of the friar estates, must it not?

Mr. WORCESTER. Do you mean unoccupied lands?

Mr. MARTIN. Yes; on all of them. You had a right, and it was perfectly proper and in harmony with good official ethics, and so forth, and public policy, for you to have entered into this contract with Mr. Carpenter for all of the unoccupied lands on all the friar estates?

Mr. WORCESTER. Mr. Martin, I am afraid that it would not quite work out that way. Mr. Carpenter is an official of the Philippine Government, and as such he owes certain duties to the Government. I do not think the Governor General would have consented to allow him to take up quite so large an outside business as would be involved in attending to all of the unoccupied lands on all of the estates, as that would surely keep one man very busy, indeed, if he did not give any time at all to the Government business. In other words, your suggestion would be incapable of being carried out. Mr. Carpenter

could not remain a public official and at the same time take charge of such a very large amount of land, because the two things would be incompatible.

Mr. MARTIN. Yes; but the incompatibility, according to your view, would not inhere in the law or the policy. It would inhere in the conditions imposed upon Mr. Carpenter by reason of the great obligation he had assumed in getting so much land.

Mr. WORCESTER. Of course we are talking about a purely theoretical condition which would never, in the ordinary course of events, arise. We are discussing it as a moral issue. So far as the propriety of it is concerned, what would be proper in one case would be proper in another, except that in the case you suppose there would enter the additional element of allowing to come into the control of a given individual a tract of land very much larger than any which has yet been allowed to go into the control of an individual; and that, again, raises a question of policy which, if presented, would have to be decided on its merits.

Mr. MARTIN. Let me ask you one further question along that line. If you were to return to Manila now, you would sanction a lease of 1,024 hectares of the public domain to Mr. Wilson, the assistant chief of the Bureau of Public Lands, would you not?

Mr. WORCESTER. Do you mean additional land?

Mr. MARTIN. No; just one tract.

Mr. WORCESTER. I would, if he had received proper permission to engage in a business as large as would make necessary his having that land.

Mr. MARTIN. But would you now return to the Philippine Islands and approve a contract with Mr. Wilson for the rental of the vacant land on the Calamba estate identical in terms with the Carpenter lease?

Mr. WORCESTER. I think I should probably decline to do that on the ground that Mr. Wilson could hardly properly attend to that amount of land and at the same time discharge his official duties; but if Mr. Wilson would first resign from the bureau of lands and make his request as a private individual, then I should be very glad to arrange to lease to him, with the right to purchase, any unoccupied land on the Calamba estate, which it was not reasonably probable could be leased to Filipinos who might be persuaded to occupy it.

Mr. MARTIN. Yes; but his resignation as a condition precedent would establish a very different condition from what we have with reference to the Carpenter contract.

Mr. WORCESTER. Certainly. Mr. Wilson's present lease does not impose any burden on his time at all. It leaves him perfectly free. The thing you suggest would, in the natural course of events, impose such a burden on his time that he would hardly have any time left to give the Government. In other words, there are two considerations there, Mr. Martin. One is the propriety of the renting or selling of unoccupied friar lands in large tracts. I hold that that is proper, and at this time very desirable, always supposing the land is not likely to be occupied in small holdings. The other is the propriety of an employee of the insular government engaging in certain business. Before that question can be passed upon it must be put in concrete form and considered in all its aspects by the person who has a right to pass upon it.

Mr. MARTIN. You would not care, then, to answer a hypothetical or abstract question as to whether you would approve another friar-estate contract with another official of the Philippine Government, as in the case of the Carpenter proposition—the Tala estate?

Mr. WORCESTER. I would approve if the conditions were similar.

Mr. MARTIN. Mr. Worcester, where do you find the conditions outside of the law and outside of sound public policy that would enable you to distinguish between this estate and any other estate? That is what I am trying to get at in this inquiry.

Mr. WORCESTER. I do not distinguish between this estate and any other estate, and I have stated that fact to you in the clearest language at my command. I now beg to repeat it. I have stated to you that the propriety or the impropriety of the transaction is necessarily entirely disconnected with the question of the estate on which it occurs.

Mr. MARTIN. You are aware of the fact, are you not, that such a transaction as has been put in evidence here with reference to the Tala estate would not be tolerated in the General Land Office or the Interior Department of the United States?

Mr. WORCESTER. Mr. Martin, you are giving testimony now.

Mr. MARTIN. I will ask you if that is not the fact, and if you do not know it to be the fact.

Mr. WORCESTER. I do not. I do not understand, in fact, that that question could come up there. I do not understand that they have any friar lands or any similar lands to dispose of at all. You have asked a theoretical question that in actual practice could not become a practical one.

Mr. MARTIN. Mr. Worcester——

Mr. WORCESTER (continuing). Furthermore, I am concerned only with the legality of my own action, and not with the question of whether some one else in some other place, under different law, would or would not do the same thing.

Mr. MARTIN. Then, if it would be legal to lease one of these friar estates to one official of the Philippine Government it would be legal to lease all of the rest to other officials, or it would be legal to lease all of the rest to one official, would it not, as a legal proposition?

Mr. WORCESTER. As a legal proposition, I see no reason why I can not lease as much of the unoccupied friar lands as I see fit to a person who is, under the law, entitled to rent them.

Mr. MARTIN. You stated on page 58 of your letter to Gov. Gen. Forbes that “had the Government sold the estate (that is, the San Jose estate) as charged to the Mindoro Development Co., of New Jersey, the Havemeyer Sugar Exploiting Co., or to any other corporation, its action might properly have been subject to the severest criticism.”

Mr. WORCESTER. Yes, sir. I repeat that statement.

Mr. MARTIN. Why, then, have you approved of the sale of the San Jose estate to corporations?

Mr. WORCESTER. I have not approved of the sale of the San Jose estate to corporations. I have approved of the sale of a limited part of it—almost exactly 200 hectares—to a corporation.

Mr. MARTIN. In connection with that answer I want to call your attention and that of the committee to Part 3 of the hearings, at page

252, and to "Sale Certificate No. 2," which was one of the two certificates, 2 and 3, issued by Capt. Sleeper when he canceled No. 1, and particularly to this language——

The CHAIRMAN. What page is that, Mr. Martin?

Mr. MARTIN. It is at the bottom of page 252:

I, C. H. Sleeper, director of lands, acting for and on behalf of the government of the Philippine Islands, vendor, pursuant to authority conferred upon me by the provisions of the friar lands act, No. 1120, hereby certify that said government of the Philippine Islands has this 4th day of January, 1910, agreed to sell to E. L. Poole, vendee, a resident of the city of Manila, P. I., or his corporate or individual nominees, that certain tract or parcel of land——

on the San Jose estate.

Mr. WORCESTER. Yes, sir; I have that.

Mr. MARTIN. Describing the land. By that instrument, Sale Certificate No. 2, there was an agreement to sell to Poole or his corporate or individual nominees all of the San Jose estate except 4,200 hectares, and that language "his corporate or individual nominees" was not in Sale Certificate No. 1, and has not been referred to before this committee until the present time. That sale certificate was approved by you, was it not?

Mr. WORCESTER. It was, indeed; yes, sir.

Mr. MARTIN. And over on page 255 Sale Certificate No. 3 contains a provision to sell to Poole, vendee, or his corporate or individual nominees, 4,200 hectares of land in the San Jose estate, being all of the remainder of the estate.

Mr. WORCESTER. It does.

Mr. MARTIN. That was approved by you, was it not?

Mr. WORCESTER. It was. Permit me, however, to suggest to you, Mr. Martin, that in carrying out all of these agreements which we make, we are subject to the laws of the land. I do not hold that under that agreement Mr. Poole could compel me to make an illegal transfer of land or could compel me to transfer land to a corporation in excess of that which a corporation was entitled to hold. The remedy, in the event that he were to attempt such action, is a very simple one, and I should apply it. Your original question was whether I would sell the San Jose estate to a corporation. I replied "no." I repeat now that I would not do so, and I add the statement that I would not sell or transfer to any corporate nominee of Mr. Poole, at least to any corporation authorized to engage in agriculture, land in excess of 1,024 hectares.

Mr. MARTIN. At the same time, Mr. Worcester, the agreement is there in plain English, is it not?

Mr. WORCESTER. I absolutely disagree with you as to the interpretation to be placed on that agreement. I do not hold that that is an agreement that I will transfer land which can not, under the laws of the land, with propriety be transferred.

Mr. MARTIN. You have been present during all these proceedings. You know there have been a great many questions asked by members of the committee and a great deal of attention directed to the insertion of the proviso "or his nominees" in Sale Certificate No. 1; and there was room left for argument that it did not necessarily mean corporate nominees. But I now call your attention to the fact that that certificate was superseded by two others containing an express provision that it would be conveyed to his corporate or individual nominees.

Mr. WORCESTER. It is quite needless to call my attention to what those certificates contain, for the reason that I read them very carefully long before you ever saw them and was fully advised as to what they contained.

Mr. MARTIN. You did not call the attention of the committee to this proviso in your testimony, and Capt. Sleeper never called attention to it, did he?

Mr. WORCESTER. I understand that we are here to be interrogated by the committee, and not to load the committee down with the very large amount of instructive information which we might give them on this and other subjects.

Mr. MARTIN. Mr. Worcester—

Mr. WORCESTER. Pardon me a moment, Mr. Martin. As I remember the discussion, it was in part, at least, directed to the propriety of the term 'nominees.' It was suggested that "assignees" was the more proper and usual term; and in point of fact on page 253, in another paragraph which refers to the same subject, I find the word "assignees." So it is, I think, to be assumed that these words were intended to be used interchangeably.

Mr. MARTIN. If you had that provision in your mind as to part of these certificates, Mr. Worcester, did it not occur to your mind, while all the questioning was going on about the insertion of the provision "or his nominees," that if the fact were brought out that this new provision had been substituted in the new certificates, it might have resulted in some very pointed discussion on the part of the committee?

Mr. WORCESTER. Mr. Martin, I have always taken it for granted that you could be depended on to bring out any points of that sort or of any sort which you might think would produce pointed discussion in the committee. The documents were here in the record, and I sincerely hope that the members of the committee have read the record and informed themselves as to what it contains. If not, it would not seem to be my fault. I have done my best to supply them with information in accessible form, and I take it for granted that any questions they may desire to ask will be asked, and I hope that any needed information I can give them will be requested.

Mr. RUCKER. Let me ask you, Mr. Martin, in this connection: Suppose the word "nominees" or "assignees" were left out entirely. Where would the estate go? Would they not have a right to sell, regardless of the nomenclature?

Mr. DOUGLAS. How is the legal aspect of the matter, in other words, changed a particle?

Mr. RUCKER. Would it be changed at all?

Mr. MARTIN. The question came up, I will say, in answer to the inquiry of my colleague, in this aspect originally, and it is an aspect that I myself have not lost sight of, while others may not think it of any value—that this proviso put the Philippine Government upon notice that Mr. Poole was only acting in a representative capacity or as an agent, and that they should by proper inquiry ascertain who his nominees might be and their character; and Capt. Sleeper, it appears further, discovered between the time he issued Sale Certificate No. 1, on November 23, and the time he issued Sale Certificates Nos. 2 and 3 in lieu of that certificate, which was on January 4, that Mr. Poole represented a corporation, to wit, the Mindoro Develop-

ment Co. Mr. Sleeper made that discovery between the 6th and the 10th of December, 1909, according to his statements.

Mr. WORCESTER. That is loose language, Mr. Martin.

Mr. MARTIN. Just a moment, if you will pardon me, and I will finish. So that, in addition to the notice that was brought home in the first place by the use of the term "or his nominees," when the law confined the sales to an individual, he, after learning that Mr. Poole represented a corporation and the name of the company, then issued subsequent certificates of sale on this entire estate, making express provision for the issuance of the instruments of conveyance or deeds directly to the corporate nominees of Mr. Poole.

Mr. RUCKER. Then, as I understand you——

Mr. MARTIN. It is not the legal question particularly.

Mr. RUCKER (continuing). The insertion of the word "nominees" or "assigns" is carrying out your idea that it was finally to go to some one else than the present grantee?

Mr. MARTIN. Yes, sir. If there were no provision in this certificate to make a conveyance to corporate nominees, then we could presume that it was the intention to have the law apply there. The law would apply. I am not taking the position that the law does not apply now. I take the position that the law does apply, even in the face of this provision.

Mr. RUCKER. That is all, Mr. Martin.

Mr. WORCESTER. Mr. Martin, I did not quite gather what you said there about Capt. Sleeper having discovered——

Mr. MARTIN. I will repeat it briefly if you wish.

Mr. WORCESTER. No, thank you; allow me to answer you—about Capt. Sleeper having discovered that Mr. Poole represented a corporation in this matter. Our transactions with Mr. Poole as an individual have been with Mr. Poole; and our transactions with the Mindoro Development Co. have been with Mr. Poole as the representative of that company. What you seem to be trying to do here is to make out that we have exposed ourselves to the liability of being compelled to transfer land in an illegal amount to corporations. I have told you plainly, first, that we have not so transferred land; and, second, that I would not do it, and that, in my opinion, I could not possibly be compelled to do it by this sales certificate or by any law or regulation which exists. I have already stated to this committee in general terms what the plan was, so far as I know Mr. Poole's plan. In the first place, he was interested in other sugar lands. We endeavored to interest him in sugar lands on the San Jose estate without even hoping at the outset that he would consider the estate as a whole. Later we found that he was willing to consider the estate as a whole, and take over the attempt to finance the thing. I understood that he would carry it as far as he could himself, and if he found that he could not carry it himself he would endeavor to interest others in it. It is entirely immaterial to me whether the persons in interest are private individuals or corporations, so long as the tracts of land to be conveyed are lawful tracts which may properly be conveyed to the persons or corporations concerned; and no other tracts will be so conveyed with my approval.

Mr. MARTIN. Capt. Sleeper said that he put the proviso "or his nominees" there at the request of Mr. Bruce. Do you think that was a sufficient reason?

Mr. WORCESTER. I would have put it in at the request of anyone, myself, under the circumstances. It is a perfectly proper thing to put in, in my opinion.

Mr. MARTIN. You consider this provision, then, that I have just called attention to, in both of these certificates 2 and 3, to convey to Mr. Poole's corporate or individual nominees, a perfectly proper provision to put in there?

Mr. WORCESTER. Absolutely proper, sir. It never occurred to me that anyone could consider it otherwise.

Mr. MARTIN. All right, sir. We will pass on. You made the statement on page 440, part 5:

Upon hearing of the existence of the Mindoro Development Co., I took the first opportunity to interrogate Mr. Poole as to the relationship between that company and himself, etc.

Now, what I want to ask is, when and how you first heard of the Mindoro Development Co.

Mr. WORCESTER. My recollection is, Mr. Martin, that it was when a cablegram was sent out from Washington interrogating us as to the existence of a Mindoro Development Co.; but I can not fix the date with absolute accuracy.

Mr. MARTIN. I do not want to be facetious, Mr. Worcester, but it would appear that at least I am entitled to credit for having been the discoverer of the Mindoro Development Co. You did not know anything about it until you were cabled from Washington, after I had mentioned it in a speech in Congress, the latter part of last February—February 28 or 29, 1910.

Mr. RUCKER. What is your question?

Mr. MARTIN. I asked him when and how he first heard of the Mindoro Development Co. Mr. Poole never said anything to you about representing such a company as that, did he?

Mr. WORCESTER. I am very positive that Mr. Poole had not mentioned to me the fact that he represented the Mindoro Development Co. until after inquiry was made as to the nature of that company. In fact, as I have already stated to the committee, I have seen very little of Mr. Poole since he has been in the Philippine Islands.

Mr. MARTIN. He never mentioned Mr. Havemeyer or Mr. Senff to you as being associated with him in the purchase of the San Jose estate?

Mr. WORCESTER. I have stated to the committee, and I repeat, that, to the best of my recollection, the only name which I heard mentioned by Mr. Poole in that connection was that of Mr. Welch. I did not, however, as I have stated to the committee, attempt to ascertain from Mr. Poole at the outset the personality of the people, if any, whom he expected to have assist him in this matter.

Mr. MARTIN. You know now, though, do you not, Mr. Worcester, that notwithstanding the fact that Mr. Poole never mentioned to you or Capt. Sleeper the names of any associates except Welch, that as a matter of fact he had other associates?

Mr. WORCESTER. Mr. Martin, I really do not know anything about Mr. Poole's associates further than I have stated to you. I had no business to transact with them, and I had no occasion to interest myself in the matter. I have heard the names of various other men mentioned as his associates. Whether they really are so or not I do not know.

Mr. MARTIN. You do not know, then, yet whether Havemeyer and Senff were also his associates in the purchase of the San Jose estate and put up the purchase price of the estate? You do not know that?

Mr. WORCESTER. I do not. I do not know who his associates were or if he had anyone who put up the purchase price.

Mr. MARTIN. Now, Mr. Worcester, if you had known that one of Mr. Poole's associates and backers in the purchase of the San Jose estate was Horace Havemeyer, a director of the American Sugar Refining Co., known as the Sugar Trust, and that another was Mr. Charles H. Senff, vice president of the same company, at a time when that company committed frauds upon the Government of the United States, for which the Government, through the Department of Justice and its district attorneys, was seeking criminal indictments against these men, how would that knowledge have affected your action, if at all, in approving the sale of the San Jose estate to their representative?

Mr. WORCESTER. It would not have affected my action in the slightest degree, Mr. Martin, as I understand your statement. In the first place, you are stating a hypothetical case. I presume that the committee will not desire to pass upon the propriety of action that I might have taken but did not take. But to answer your question, I do not consider it to be my business to determine the several business relationships or connections with business organizations which individuals who may desire to acquire land in the Philippine Islands may have. If the president of the so-called Sugar Trust were to come to me and state that he desired to lease 1,024 hectares of public land or to purchase 40 acres of public land, the fact that he was the president of the Sugar Trust would not in any way influence my action, if he came to me in his private capacity. If he came to me as the accredited representative of that concern and endeavored to do business for it, that would be a very different proposition, and my conduct would be then governed by the law relative to transfers of land to corporations, and not the law relative to transfers of land to individuals, sir.

Mr. MARTIN. You are not so completely out of touch with the industrial development of this country, are you, as not to know that these big corporations and trusts do not work by such direct methods as that?

Mr. WORCESTER. I am so familiar, Mr. Martin, with conditions in the Philippine Islands as to believe that we have not anything there at the present time that by any human possibility could interest the so-called Sugar Trust, and that we shall not have until we get the experimenting over with, and until some one has proved that we can establish in the Philippine Islands, at least, one modern sugar-producing estate.

And I may add, for your satisfaction, that I have never had any reason to believe, and do not believe, but on the contrary have reason, positive reason, for disbelieving, that the American Sugar Refining Co., or whatever the name of the trust is, has any interest in this transaction whatsoever. I think, if you were to call the acting president of that organization here and put him on the stand, you would have no difficulty in securing from him a sworn statement that the directors of that concern, as such, have never had anything

whatever to do with this transaction, that it has never been before them, even; and I suggest that you do that, if you want to.

Mr. MARTIN. No; it would not necessarily have to be before them, either.

Mr. DOUGLAS. To be an action of the company, would it not have to be before them?

Mr. MARTIN. I do not assume that directors of the Sugar Trust are permitted to go out and establish hostile interests. It is not the understanding in this country that there are any hostile interests to the Sugar Trust.

Mr. WORCESTER. Well, I had rather gathered the impression——

Mr. MARTIN. The impression is that they have gotten at and grabbed even Hawaii and Porto Rico and all those other sugar-producing countries.

Mr. WORCESTER. I was under the impression, from some things I have experienced, that the beet-sugar people were not working in entire harmony with the Sugar Trust. Possibly you are better advised than I am on that subject.

Mr. MARTIN. I will say this: Of course I enjoy the pleasantries, Mr. Worcester, but I want to say now to Mr. Worcester that it does not make any difference to me whether the beet-sugar interests are hostile to the Sugar Trust, or whether the Sugar Trust controls every factory in the United States, so far as this matter is concerned. It is a matter of utter indifference to me what their relations or lack of relations may be. Now, passing on, there is a statement on page 44 of your letter to the Governor General, in your memorandum for the Governor General, that indicates that you knew that Mr. Poole had some other associates or backers than Welch, because you say:

Strong, for whom this man is acting——

That is Poole——

preferred latter land on account of nature of soil and location.

That is on page 44, down near the bottom.

Mr. WORCESTER. Yes.

Mr. MARTIN. How and when did you ascertain that Poole was acting for Strong?

Mr. WORCESTER. In my original interview with Mr. Poole he stated to me that their attorney had called at the Bureau of Insular Affairs in Washington in connection with this matter, and had there been informed that friar lands could not be purchased in excess of 40 acres to an individual. I understood at that time that Mr. Strong was the attorney referred to. It would seem from the record established here that it was probably Mr. Hammond and not Mr. Strong.

Mr. MARTIN. The letter of introduction from J. Montgomery Strong, presented by Poole & Prentiss to Wilson, of the Bureau of Public Lands, was just a private memorandum? That was something that could not have come to your attention and disclosed Mr. Strong's interest, was it?

Mr. WORCESTER. At that time, in point of fact, that letter had not come to my attention. I first knew of that letter, or first saw it, at the time I asked to have all the documents brought in. I sent for the complete file of documents, and having heard that there was a

letter of introduction of that sort, and not finding it among the documents, I inquired and found that it had been given to Mr. Wilson personally, and was not on the official file. I then called for it and had it put upon the official file, so that it might appear in the record.

Mr. MARTIN. So you are not quite clear, are you, in your own mind, at this time how you got the information which was contained in this memorandum of November 26, 1909, that Poole was acting for a man named Strong?

Mr. WORCESTER. I presumably got that by conference with the officials of the Bureau of Lands, probably Mr. Wilson, who took Mr. Strong on his trip or arranged his trip to Mindoro.

Mr. MARTIN. You refer to Strong there in a way which would indicate that he was well known; it was not necessary to furnish any bill of particulars. You simply refer to him as "Strong, for whom this man is acting."

Mr. WORCESTER. The truth is that at that time I thought that Mr. Strong was a man who was himself interested in sugar. I had heard him referred to as a sugar man. So far as I now know he is a lawyer rather than a sugar man.

Mr. MARTIN. Is J. Montgomery Strong related to Frank L. Strong, or do you know?

Mr. WORCESTER. I think not at all. So far as I know they did not even meet.

Mr. DOUGLAS. Related to whom?

Mr. WORCESTER. Frank L. Strong, who is a dealer in machinery in the Philippine Islands. I do not think there is any relationship between them.

Mr. MARTIN. You stated just now, and you stated this morning, that you did not understand that Poole and Prentiss themselves had ever been in the Bureau of Insular Affairs in Washington, but that they must have gotten this information from the Bureau of Insular Affairs through their attorneys.

Mr. WORCESTER. Yes, sir; that is my understanding.

Mr. MARTIN. Yes.

Mr. WORCESTER. In their conversation with me they referred to the fact that their attorney had been told these things.

Mr. MARTIN. Yes. At the same time, Mr. Worcester, in your letter of October 21, 1909, to Gen. Edwards, you make the explicit statement that they informed you that they had been told at the Bureau of Insular Affairs in Washington that the friar lands could not be purchased in large tracts.

Mr. WORCESTER. Well, I think that is a misstatement, if it occurred in that letter, because I do not understand that they were ever here, and of course it is easy to ascertain whether they were.

Mr. MARTIN. I, however, on my side of the case, would be justified in assuming that to be a true statement, would I not, that they had been there?

Mr. WORCESTER. Mr. Martin, you are justified in questioning any apparent contradictions or inaccuracies in the record that you may find. I presume, however, that you will desire to know as a matter of fact whether they have ever been here or not, whether I may have said that they were here, when the fact was that their lawyer had been.

Mr. MARTIN. Well, that is a matter of indifference; but while we are on that subject I will call your attention to another statement that you made the other day, and that is that you understand now that Prentiss and Poole's attorneys were not informed at the Bureau of Insular Affairs at Washington that the friar lands could not be purchased in large tracts on account of the limitations.

Mr. WORCESTER. That is something I do not know. I will have to ask you to interrogate on that subject some one who knows the facts. I do not know what information was given to them.

Mr. MARTIN. But you made a statement the other day to which I can refer specifically—I am not at the order of it in my notes now—that you understand now that they were not so informed at the Bureau of Insular Affairs; that you do understand now that Poole and Prentiss's attorneys were not informed at the Bureau of Insular Affairs that the friar estates were not to be bought in bulk. I would like to know when and how you got that information, and from whom?

Mr. WORCESTER. Mr. Martin, such information as I have relative to the information which was given at this end of the line comes from a somewhat cursory perusal of the various documents which have been compiled for the use of this committee since I have been here.

Mr. MARTIN. I see.

Mr. WORCESTER. I regard that as a matter of interest to me as abstract information. I do not regard it as a matter concerning which I can properly make any statements of fact. I think that the gentlemen who made that record will be very glad indeed to explain it to you, but I can not enlighten you as to what information was really given in Washington.

Mr. MARTIN. Well, I understand now your position very clearly. I thought perhaps that, even in the face of the record here to the contrary, since coming to Washington you had been informed down in the Bureau of Insular Affairs that no such information as that had been given out to the attorneys. I thought perhaps that that was the case.

Mr. WORCESTER. I have not bothered about their record any more than they have bothered about mine. I think this statement in the letter of October 21 will prove to be an incorrect statement. I do not understand that Mr. Poole or Mr. Prentiss were ever here.

Mr. MARTIN. Now, has any such corporation as the Mindoro Development Co. ever been chartered heretofore in the Philippine Islands?

Mr. WORCESTER. I am not an authority on the charters which have been granted in the Philippine Islands, Mr. Martin. That company is not chartered there. It is authorized to do business there.

Mr. MARTIN. I understand; it is organized in this country and authorized to do business there.

The CHAIRMAN. It is chartered here.

Mr. MARTIN. It is chartered here and licensed there; that is the way to put it.

The CHAIRMAN. Yes.

Mr. WORCESTER. I have no knowledge of the corporations which have obtained the right to do business there, for the reason that that matter comes under the executive control of the secretary of commerce and police, except in the case of corporations authorized to do

banking or trust business, and in the latter event under the control of the secretary of public instruction, and it never occurred to me to interest myself in the subject.

Mr. MARTIN. You went into that proposition somewhat in your letter here to the governor general of the Philippine Islands, and you took occasion to refer——

Mr. WORCESTER. Into what subject?

Mr. MARTIN. With reference to the charter of the Mindoro Development Co., and you referred to some of its powers, but your reference was to minor powers, as, for instance, that they might have parks and places of amusement and all those necessities of life which would be gathered about a sugar factory; but you made no reference to their power, for instance, to buy and own and vote the stock of all other corporations, which would enable them, for example, to get a controlling interest in the stock of any number of corporations which might be organized in conformity with the law of limitations, and control them just as effectually as if they were the actual owners. What I want to get at is this, now, with reference to the extraordinary powers of this company, whether it was such a common practice to license corporations with such extraordinary powers in the Philippine Islands that the Mindoro Development Co. could virtually come in there unnoticed and be permitted to go ahead and do business in connection with this estate without exciting any inquiry whatever upon the part of any of the officials of the Philippine Government.

Mr. WORCESTER. I do not understand that it could possibly have come in there unnoticed. On the contrary, it was quite necessary that it should be noticed by the people whose business it is under the law to look after those things, and the record will doubtless show that it was so noticed. I am not a lawyer, and the intricacies and the difficulties which arise in the matter of compelling corporations to obey the laws of the land have never especially interested me, for the reason that I have nothing to do with them and that my time is quite fully occupied with other matters concerning which I know, I hope, a good deal more than I know about that question. I do not wish to be understood as saying at all that the Mindoro Development Co. came in there and that its coming did not excite interest. It did not excite my interest until it was brought to my attention, and even then it did not very greatly excite it, to tell you the truth, as I had not been asked to transfer any land to it at that time. I understood, Mr. Martin, at the outset that that company was going to manufacture sugar and run a railroad, and under those circumstances it did not interest me at all in connection with the sale of the San Jose estate.

Mr. MARTIN. Would not the name of that company cause some attention to be attracted to it? The name of it was the Mindoro Development Co., which would indicate a very broad scope of activities along lines that would appear to bring it into conflict with the laws of the Philippine Islands.

Mr. WORCESTER. I presume that the persons who would investigate would investigate its charter rather than its name to determine what its objects were; that, at least, would be my course if I were going to investigate it.

Mr. MARTIN. Then my point comes right there, that if they did investigate its charter they would find out that its powers were practically limitless.

Mr. WORCESTER. I can not go with you at all there. I decline to accept your statement as to its powers.

Mr. MARTIN. Section 75 does not prevent merely ownership beyond a certain maximum, but control. It forbids the ownership and control by an agricultural corporation of more than 1,024 hectares of land, and it is my contention that the Philippine Government licensed a corporation to do business in the Philippine Islands that was capable of controlling any quantity of land that it could get hold of through its stock ownership of other companies. That is my contention.

Mr. WORCESTER. It would seem to be necessary, in dealing with it, I should say, to show that it was doing this; that is, that it was controlling land unlawfully.

Mr. MARTIN. But, after all, Mr. Worcester, I am not trying to get into a legal argument with you at all. You say you are no lawyer, and I am only a cornfield lawyer. My position is this: I do not consider, in an inquiry of this kind, that an official's integrity merely is at stake. Integrity is not sufficient. If it was, I could go down here and fill the President's Cabinet out of the street-cleaning department. It is also a matter of competence and diligence.

Mr. DOUGLAS. Is not that a matter of argument?

Mr. MARTIN. Now, what I was getting at is why, with all the indications placed before the officials of the Philippine Government that Mr. Poole had associates and represented a large corporation, they did not make some more inquiries than they did. Why did they just take the position that their money was good?

Mr. DOUGLAS. Why should they not take that position? I am at a loss to see. Suppose that they had come with both hands up and said, "The people who are also interested in the Sugar Trust are interested in this matter," why should they not welcome them?

Mr. MARTIN. There is a question here whether the officers of the Philippine Government exercised due diligence. If they did not exercise due diligence, if they allowed the laws to be violated by a failure of due diligence, the effect would be just the same as though they had acted corruptly in the matter.

The CHAIRMAN. Will you not ask a question?

Mr. WORCESTER. Perhaps I may make my attitude clear by telling you what I have been trying to do in connection with another plan for agricultural development in the Philippine Islands. We export all our copra at the present time. It goes mostly to France, and our French friends get the difference between the value of the coconut oil and the copra as we sell it. There is not a modern coconut-oil mill in the Philippine Islands. Now, I have been trying hard to interest a number of individuals or corporations in taking up coconut land enough to produce copra to run one mill. With the limitations which Congress has seen wise to throw around the holding of land, it would take the copra from about 10 or 12 of the estates of maximum size—that is, 2,500-acre estates—to keep a modern coconut mill running, and I have been trying hard to secure the establishment of a string of plantations which would produce the

necessary amount of copra, and have suggested to the people who thought of interesting themselves in such plantations the practicability and desirability of forming a corporation not authorized to engage in agriculture, but authorized to deal in agricultural products, with a special view to the establishment of a modern coconut-oil mill in the Philippines, so that we may keep in the country for our own people a part of the very large sum which now goes yearly to France. I consider that a perfectly proper, legitimate, and commendable effort on my part; and I look at this San Jose matter in precisely the same way.

We have here a great tract of sugar land which we hope will sometime be planted in considerable part at least in sugar; and we have a corporation not authorized to engage in agriculture, but authorized to do various other things, which proposes, as I understand it, to erect a sugar mill and a railway. Now, that mill will grind the sugar from this estate, and it will grind the sugar from other estates which are already beginning to group themselves around this one. I take it that its owners will be after money, and that they will gladly grind the cane from any estate which is near enough to turn it over to them, and I think that the result will be of unmixed benefit to the people of the Philippine Islands, and that the only possible objection to it must come from people who wish to keep down our sugar output rather than increase it.

Mr. MARTIN. You have stated on page 448 that Poole had great difficulty in getting labor on the San Jose estate. What I wish to ask is if that difficulty is not due in part to a Filipino boycott, a labor boycott of some kind, against the San Jose estate?

Mr. WORCESTER. If you ask me my opinion, my opinion is that his difficulty was largely due to the fact that his labor, after he got it at the outset, was not properly managed. Mr. Poole himself is a man who speaks Spanish and a man whom the Filipinos like, but he had in immediate contact with his laborers, when I was there, a man who was rough in his manner and inconsiderate in his treatment of the laborers, and I called his attention to the fact that in my opinion his difficulties were due to the fact that his labor was not being considerably handled. Others shared that same opinion. I have not known of any boycott against Mr. Poole. Of course there was the denunciation which has usually accompanied the investment of American capital in the islands, but I do not think that in actual practice it amounted to much of anything. I think that Mr. Poole's difficulties were in part also due to the fact that the Filipino is not really accustomed as yet to serve as a plantation laborer, and he wanted them to do that rather than to serve as tenants, and to the further fact that the Filipino is as yet undisposed to leave his own home, and if he does so requires extraordinary inducements; and to the further fact that at the outset, while the laborers were not abused, they were not tactfully treated by the man who was in immediate charge of them, who was gruff and disagreeable in his manner. They did not like it and went away.

Mr. MARTIN. So far as you know, then, there was nothing like a boycott of the Filipinos against Mr. Poole or the San Jose estate as an expression of their opposition to the sale of that estate?

Mr. WORCESTER. I do not think that such a thing would be possible under the conditions which exist. The boycott would have had

to extend over a large part of the archipelago to be effective. I have never heard of any strike on his estate or of any effort on the part of any labor organization to interfere with his getting laborers. I am not prepared to say that there may not have been such a thing.

Mr. MARTIN. Do you think such an estate as that and other large estates can be developed over there by Filipino labor?

Mr. WORCESTER. I think they can be within reasonable limits and in limited numbers. We have sent already a considerable number of laborers for sugar estates to Hawaii. I was told when I passed through Honolulu that 3,000 Filipino laborers were then there, and I really see no reason why, if anything like similar inducements were offered them in their own country, they should not be willing to work on sugar estates in the Philippines. We are, however, sufficiently limited in our labor supply at the present time, so that we should get to the end of it before we had developed an indefinite number of such estates.

Mr. MARTIN. I was under the impression that you had stated somewhere in your testimony that you did not believe that such development as we have been discussing could be brought about by Filipino labor.

Mr. WORCESTER. I think you are in error about that, Mr. Martin.

Mr. MARTIN. Is not the Government over there—that is, when I say the Government I means the American Administration—opposed to the application of the contract-labor and immigration laws of this country to the Philippine Islands?

Mr. WORCESTER. The term “the government” is a somewhat broad term, Mr. Martin. I have heard very radically opposed views expressed by different officials of the Government.

Mr. MARTIN. What is your view?

Mr. WORCESTER. My view?

Mr. HAMILTON. Is that relevant to the subject of this inquiry?

Mr. MARTIN. We have gone into it.

The CHAIRMAN. I think you had better not go into the labor question. We are investigating the sale of lands in the Philippine Islands.

Mr. RUCKER of Colorado. I think Mr. Martin has got Mr. Worcester and myself mixed up here. I have told him about this matter—that the Filipinos could never develop that country—and he has got me mixed up with Mr. Worcester.

Mr. MARTIN. Now, with reference to these three California corporations, beginning on page 453, I want to first call your attention to some statements in this correspondence about the three California corporations that got lands in the Island of Mindoro, and that, I think, can be easily followed. On page 453 appears a letter from “Thomas Cary Welch, acting executive”—and then a comma—“secretary,” dated Baguio, May 9, 1910, “to the director of lands, Baguio.”

Mr. WORCESTER. The comma after the word “executive” is a misprint. That should read “acting executive secretary.”

Mr. MARTIN. “Acting executive secretary.” Now, whom did he represent when he wrote that letter? I got the impression, and it is so stated, that he was the acting secretary for, and in the absence of, the Secretary of the Interior.

Mr. WORCESTER. I have stated already, I think, Mr. Martin, that these applications were made at a time when, in company with the governor general, I was traveling in the most inaccessible part of northern Luzon. The vice governor was acting as governor, and my recollection is that the vice governor requested Mr. Welch to communicate with me and act for me in this matter. Our available record there is not quite complete, because that was not a Bureau of Lands matter; but I do distinctly remember receiving a telegram in connection with this thing, and replying in general that he might sign for me if satisfied that the transaction was strictly legal.

Mr. MARTIN. Yes; now we will proceed. At the time when Mr. Welch wrote that letter, that is May 9, to the director of lands, the director of lands had already reported to you the result of his examination of the applications for each of the three companies, and from your answer it appears that he was directed to proceed with the sale as provided in Chapter II of the Public Land Act. Now, then, in Mr. Welch's letter he makes use of this language—

Mr. WORCESTER. Just wait a minute, please, Mr. Martin. The date of my action in the premises there does not appear here.

Mr. MARTIN. Exactly; I am making no point with reference to that, however, at all.

Mr. WORCESTER. You have raised the point of time. I do not know what object you have in that. The way it occurred was this. I got back to Baguio before the transaction was actually completed, and took it up. Now, it is not customary for my approval of documents to be dated. The action of the director of lands is the thing usually dated.

Mr. MARTIN. You took it up before the transaction was completed?

Mr. WORCESTER. I took it up before the transaction was completed.

Mr. MARTIN. Now, in Mr. Welch's letter he says:

As it does not appear from the papers that the stockholders in one of these companies are not stockholders in another, I would suggest that you request the agent to furnish us with the necessary information on this subject which may be in the form of an affidavit by some officer of the company having knowledge as to who are the stockholders. The papers will be held pending receipt of such information.

Mr. Welch uses that language after having called attention to the fact that section 75 of the act of Congress of July 1, 1902, makes it unlawful for any member of a corporation engaged in agriculture or mining to be in anywise interested in any other corporation engaged in agriculture or mining, and on page 451 you have correctly stated the law to be the same. Now, following on, it appears that upon receipt of that letter on May 9, 1910, Capt. Sleeper telegraphed the Bruce firm at Manila, on May 10, as follows:

Sales applications held up pending receipt of evidence that stockholders in any one of the corporations are in no way interested in any one of the others; section 75, act of Congress, July 1.

Mr. Bruce on May 10 replied to Capt. Sleeper, setting out this telegram and stating that the articles of incorporation "show that there are no common stockholders or incorporators among them," but also stating that if Mr. Sleeper would be good enough to cable his wishes in the matter, he, Bruce, would cable at once to his correspondents in the United States for the affidavits; and Mr. Bruce goes on in the letter to suggest—and very properly, I think, so far as that

is concerned—that he be permitted to proceed temporarily, that the whole matter be not tied up, pending the securing of this proof. On May 13 Mr. Welch wrote to the director of public lands that in view of the statements made in Mr. Bruce's letter they would be permitted to proceed with the advertisement of the applications, it being understood, however, that the applicants were to furnish "corroborative proof satisfactory to you, by affidavit or otherwise, of the statements in said letter before such sale be finally consummated."

Mr. DOUGLAS. That is, satisfactory to Mr. Sleeper, not to the witness. You are reading the language there and it might be misinterpreted.

Mr. MARTIN. How is that?

Mr. DOUGLAS. I say, the "you" is quoted.

Mr. MARTIN. Yes; I am quoting there. It then appears that on May 16 the director of public lands wrote Mr. Bruce and inclosed a copy of Mr. Welch's letter, receipt of which was acknowledged on May 18 by Mr. Bruce, who stated that he had already written to the United States and requested his correspondents to forward at once affidavits showing the stockholders of the various companies. He says:

I will have these affidavits on hand in case they are required by your bureau.

Now, Mr. Worcester, I want to call your attention to the letter that the director of lands wrote to Mr. Bruce on June 2, there being no correspondence intervening between Bruce's letter of May 18 and this letter of the director of the Bureau of Public Lands on June 2, in which the director of public lands notified Mr. Bruce that the secretary of the interior had "requested affidavits from E. L. Poole, agent of the three companies mentioned above, that he is not a stockholder in any one of the three companies or any other corporation owning land in the Philippine Islands, and that he has no personal financial interest in any of the three companies mentioned." Now, I want to ask you if that request from the director of public lands on Mr. Bruce in the letter of June 2 was not a flat departure both from the law as set forth in section 75 of the Philippine Government act and as discussed in the preceding correspondence between all these parties, which I have quoted to you?

Mr. WORCESTER. No, sir; the request of Mr. Poole was supplementary to that. A question had arisen as to the relationship of Mr. Poole himself to this transaction, in view of the fact that he signed as manager for each of those companies. Now, a man may be employed by a company without being interested in it, without holding any stock in it, obviously, but I thought that that question also ought to be gone into. In point of fact, I think you will agree with me when I say that we had really pretty nearly exceeded our legal powers in going after the information which we had requested from these people. There is nothing that I know of in the law that authorizes us to go at them in precisely the way that we did. I was willing at that time, in view of the record actually established not only by this correspondence but by the facts stated under oath in the applications which they put in, which I this morning included in the testimony, and to which I invite your attention in this connection as supplementing still further the information at our disposal, to go on with that transaction without waiting for the receipt of those affidavits. The very great

willingness, indeed, of Mr. Bruce to offer to produce them was fairly suggestive of the fact that they would be forthcoming, and I did not consider it necessary to wait for them. You have confused two different propositions there.

Mr. MARTIN. No; wait a minute. I do not think that you exceeded your powers in going after this evidence. What appears to me from the record, and I will point it out to you as briefly as possible, is that you proceeded to approve the applications and the sales of these lands to these corporations without securing the evidence required by law; because I find following this letter of June 2 from the director of public lands, Mr. Poole's affidavit, merely stating that he has no financial interest in these companies, and is not a stockholder in them, something that I never thought for a moment that he was, or contended that he was.

Mr. WORCESTER. And you will also find——

Mr. MARTIN. And I find them also on page 456 that you say you do not think the affidavits of the stockholders were sent for. You say it does not appear from this correspondence, but you say you do not think that the affidavits were called for. It is true you came in later and made the statement that Capt. Sleepen told you that he thought they had been secured, and they had been called for, but——

Mr. WORCESTER. And it is also true that the record shows right here that they had been asked for, as a matter of fact. You, of course, do not expect me to carry in my head all of the details of every one of these transactions, so that I can tell you about them offhand.

Mr. MARTIN. No. My points are these: Mr. Bruce offered to furnish them if they were demanded of him. They were not demanded of him, unless it would be by the merest indirection.

Mr. WORCESTER. Whether they were demanded of him or not, he very kindly wrote for them.

Mr. MARTIN. And it would appear from the face of the record as it is made up here that the sales were approved with only Mr. Poole's affidavit as to his interest, and not the affidavits of officers or stockholders of the companies with reference to the interests of the stockholders of one of the companies in the other companies.

Mr. WORCESTER. I have called your attention, and I call it again, to the form of the application, which contains a sworn statement covering many of those subjects.

Mr. MARTIN. Yes.

Mr. WORCESTER. I think you will find that interesting in this connection.

Mr. MARTIN. I know you called attention to the application, but the acting secretary of the interior, with those applications before him, wrote the director of lands that it did not appear from the papers that the stockholders in one of these companies were not stockholders in another, and calling for affidavits showing that the stockholders in one company were not stockholders in another. Such affidavits do not appear here; you did not know that they had been sent for; you very evidently did not see them.

Mr. WORCESTER. And I consider them unnecessary in this connection.

Mr. MARTIN. Yes.

Mr. WORCESTER. I may add that I considered that all of the information which was really necessary in order to enable me to act with

entire propriety was that furnished in the original application, the form of which is designed to be such as to bring out all the information that is required by law, and that all of these additional efforts on our part were not necessary. They were cited simply as evidences of our good faith in the transaction. In other words, I consider that we made an extraordinarily thorough investigation into this particular transaction.

Mr. MARTIN. Yes.

Mr. WORCESTER. I should not have made such an investigation into an ordinary one, to tell you the truth.

Mr. MARTIN. You think that those affidavits were superfluous?

Mr. WORCESTER. What?

Mr. MARTIN. You think that those affidavits were superfluous?

Mr. WORCESTER. I thought they were superfluous under the circumstances; yes.

Mr. MARTIN. And you do not say now to the committee that you have really seen them or that your action in approving the applications was based upon the affidavits, do you?

Mr. WORCESTER. I do not know even whether they were received, Mr. Martin, as a matter of fact. My action was not based on the affidavits, at all events.

Mr. MARTIN. On page 531—I just want to follow that along a little further—you make this statement:

So far as Mr. Poole's relationship to these organizations is concerned, I will say that a full investigation has been made, and the results have been incorporated in this record in the form of an affidavit by Mr. Poole and other documents.

Then, on page 474, appears the statement that Mr. Bruce asked for the personal affidavits of the shareholders of the three California companies which had purchased public lands from the Government, in spite of the fact that he was not required to do so, and that you had cabled to Manila for them. Then, on pages 537 and 538—and this is particularly what I want to refer to—down near the bottom, beginning in the last paragraph on page 537, Mr. Garrett asked you whether even outside of the public land, in the case of friar lands, the department would inquire into the character of any corporation before it would convey it more than that amount of land, and among other things you in your answer said:

As an instance of what I have done, I cited to you the case of the California corporations. The question of the propriety of my action was raised, but the information which I requested was furnished.

Now, all of these statements to which I have called attention, Mr. Worcester, and this statement in particular, the way this stuff is mixed into the record here and there, would convey the impression, unless the evidence were closely analyzed, that everything that had been asked for and called for by the law had been furnished in the case of these three California corporations; is not that a fact?

Mr. WORCESTER. I should say that a good deal more than was called for by the law had been furnished.

Mr. MARTIN. Yes.

Mr. WORCESTER. And that everything that was asked for by me had been furnished. That is the logical deduction.

Mr. MARTIN. Does it not strike you as rather peculiar, to say the least, that Mr. Poole, the agent and manager, as he is designated, of these three California corporations, could not make the affidavit himself with reference to the interest, or lack of interest, of the stockholders of one corporation in the other corporations?

Mr. WORCESTER. I think very likely he would have been able to. I do not know, but I think it highly probable that he could have done so. Probably they wanted the affidavits of the men themselves.

Mr. PARSONS. May I ask, Mr. Martin, what difference the affidavits make? Do you contend that a false statement in the affidavits would have been perjury?

Mr. MARTIN. Well, you have asked me a very fine legal question there, Mr. Parsons, to answer offhand.

Mr. PARSONS. Because I think it was decided in a case in the Federal court, referring to public land in the United States, that unless the law clearly authorized the requirement of an affidavit, what was falsely stated in an affidavit was not perjury—

Mr. MARTIN. Yes; but I am calling attention to the fact here—

Mr. PARSONS (continuing). And that is usually, ordinarily so, that a false statement in an affidavit is not perjury unless the affidavit is made in a legal proceeding, or unless some law authorizes the requirement of the affidavit.

Mr. MARTIN. It would not be material to the issue whether the making of the false statement in the affidavit would be perjury or not, because the issue is with reference to the approval of these applications without the evidence called for by the acting secretary of the interior, and which Mr. Bruce was notified that he should furnish; and I say that it is a strange thing that Mr. Poole, the agent and manager, could not and did not furnish that information, and that so far as the record appears the applications were approved without securing the information.

Mr. PARSONS. The thing had not occurred to me before, but I was wondering whether, in view of the decisions in this country, the commission was not limited to the statement contained in the application; because, of course, they have got to make an application. Now, I suppose that if the application was false, or was not full and frank, they could go behind it and eject the corporation from the ownership of the lands.

Mr. MARTIN. I suppose that is true.

Mr. PARSONS. It ought to be.

Mr. MARTIN. Yes; I think it ought to be true, if it had got possession of the land by false representations.

Mr. PARSONS. I wondered whether under the decisions in the United States, one of which I think related to lands in your own State of Colorado, they could call for an affidavit, and whether it would be of any account if they got it.

Mr. MARTIN. I am particularly calling Mr. Worcester's attention to the fact now that his statement there is misleading. If, as he explained awhile ago, he simply instructed the director of public lands to get Mr. Poole's affidavit as to his interest, why, then, that affidavit was gotten, but not the information called for by the secretary of the interior. We will drop Mr. Worcester out of this—the person. The secretary of the interior of the Philippine Islands had called upon the director of lands to cause certain information to be

furnished which, so far as the record was concerned, has not been furnished, but which Mr. Worcester says was furnished, in a way that would lead one to believe that this whole matter is a closed incident now at this point of the hearing and that these affidavits had been furnished.

Mr. WORCESTER. I must take exception to your statement that Mr. Welch was the secretary of the interior while he was doing these things. He was authorized to act for me in a certain contingency, which did not finally arise as a matter of fact. I got back in time. He never did act as secretary of the interior, and I do not think he signed any documents as secretary of the interior.

Mr. MARTIN. Right on that point, are you in the practice of asking another official, orally, for certain statements or for certain information or to do things?

Mr. WORCESTER. Quite often; yes, sir.

Mr. MARTIN. Is it likely that you would orally ask Capt. Sleeper to get this Poole affidavit? There is no correspondence here, there is no written request made by you upon Capt. Sleeper, so that it leaves Capt. Sleeper's final request on Bruce in the light of asking Mr. Bruce for what would be a full compliance with the law, and all the affidavit and showing necessary.

Mr. WORCESTER. Well, you will have to put your own interpretation on that, Mr. Martin. I very frequently make requests for information verbally when I can save time by so doing. My recollection of what happened in the premises is that after the Governor General and I got back and looked over the statements already furnished, we decided that they would be sufficient to justify us in going ahead, if supplemented by this affidavit from Mr. Poole relative to his relationship with the matter, which seemed to be necessary in view of the fact that he had signed as manager for each of these corporations. I wanted to know whether he was anything more than manager of them.

Mr. MARTIN. Do you not think if the affidavits had been there in the Bureau of Public Lands and had been in the files in connection with other correspondence that has been brought here dealing with these matters, that the affidavits would have been brought on?

Mr. WORCESTER. I do not think that the affidavits were there. I think that they were never furnished. I have not asked as to that. I have not seen the reply to the cablegram sent out, but I understand that they had not been sent to Manila, and are being sent here instead.

Mr. MARTIN. This is a mere suggestion at this point. The books and records of those three companies have been asked for, and I respectfully suggest that under the circumstances they will be about the best evidence we can get. Whether they will be satisfactory or not, I am not going to say, but they will be the best evidence we can get as to who are in those three companies.

Mr. Bruce got an option on the Isabela estate of 50,000 acres for one year for \$100; that is substantially correct, is it not?

Mr. WORCESTER. I think that is substantially correct, Mr. Martin. He got a lease which was in reality, and was intended to be in effect, an option to purchase.

Mr. MARTIN. Now, you do not consider that a good business proposition, do you?

Mr. WORCESTER. I considered it a most excellent business proposition. Your ideas and mine as to what constitutes good business propositions do not seem to agree, and if you were more familiar with conditions in the Philippines possibly you would modify yours. Anyhow, I hold to mine.

Mr. MARTIN. I want to ask some questions about Mr. Bruce.

Mr. WORCESTER. And I will tell you why I think it was a good business proposition. We had a great estate there——

Mr. DOUGLAS. It was not carried out; but if it had been carried out, then you mean it would have been a good business proposition?

Mr. WORCESTER. Why, it was a good business proposition, yes, sir, to give him an option on that estate. We had up there in a very rich and sparsely settled province of the Philippine Islands a great tract of friar land without occupants. Speaking from memory, there were 37 occupants on nearly 50,000 acres of land, and the total area actually occupied by them was about 147 acres. There was no living soul in sight to take any more of that land. On one side of it we had naked savages; on all sides of it we had public lands just as good; and to the east of it we had public land which was very much more favorably situated, so far as concerned means of transportation, and the question that we had before us was, what was going to be done with that friar land after we had given to the people in the vicinity of that estate all that they would take?

Now, these Manila people said: "We do not know anything about your estate. It may be good and it may be bad. We understand that the friars picked it out to grow tobacco on. We do not know whether they made a good or a bad selection. We are willing to look it over, and if we find that it is a good thing to take up, we will consider taking it up; but in order to find out, we have got to employ an expert who knows. We are not going to gamble our money on this proposition. Hiring an expert will cost us a considerable sum. Now, what assurance can we have that after we have gone to all the expense of getting an expert here we are going to be able to go on and buy the land, if we decide we want it?" We said: "We will give you a lease. There is no easy way of giving you an option, but we will give you a lease for a nominal sum, which conveys the right of purchase, with the understanding that you are to employ your expert, and if you do not take the land you will give us in return for the option, and as a consideration for it, the findings of the expert in relation to the estate." And the finding was that it was not very good for tobacco, but was very good for sugar.

Mr. MARTIN. Now, you have explained very fully, and I have no desire whatever to abbreviate your answers, except that I want to get through, and I will probably have to, this afternoon.

Mr. WORCESTER. You requested my opinion, in the question that you put, on that transaction as a transaction, and asked me if I considered it a good business transaction?

Mr. MARTIN. Yes.

Mr. WORCESTER. Now, I may say to you in general terms that whenever you have demonstrated that I performed a thing, you may consider it as demonstrated that I considered that a good thing to do, for the simple reason that I am not in the habit in my official or private life of consummating transactions which seem to me undesirable or improper in any way. Now, I have tried to tell you what

my reasons were for thinking that particular transaction a desirable thing.

Mr. MARTIN. Mr. Bruce, to whom this option was given, I understand is attorney for one of the Philippine railways. Which one?

Mr. WORCESTER. I think he is attorney for the Philippine Railway Co., or whatever the technical name may be, the concern which has built lines on the islands of Panay and Cebu.

Mr. MARTIN. I understand that he is an attorney of the electric railway in Manila. Do you know whether he is?

Mr. WORCESTER. I do not know whether he is, but I think it is probable that he is.

Mr. MARTIN. I understand that he is attorney for the Manila Times.

Mr. WORCESTER. I do not know whether he is or not.

Mr. MARTIN. And probably has some interest in it. I understand that he has some connection with the Cable News of some kind, those being the two leading papers in Manila. Do you know whether that is true or not?

Mr. WORCESTER. I never heard that he had any connection with the Cable News.

Mr. MARTIN. But you have heard that he had with the Times?

Mr. WORCESTER. I think he is a stockholder in the Manila Times, or that he has a cash interest in the paper.

Mr. MARTIN. That is the paper that I confided in for my information as to what had been done on the San Jose estate; before Mr. Wickersham rendered his opinion, by the way.

Mr. WORCESTER. Your confidence in newspapers is greater than mine.

Mr. MARTIN. The Manila Times is a sort of unofficial organ of the administration there, evidently, judging from its editorial pages. It is not very partial to me, either.

Mr. WORCESTER. The administration has no organ, Mr. Martin.

Mr. MARTIN. We will go on now. Do you know where Mr. Bruce came from in this country?

Mr. WORCESTER. I do not.

Mr. MARTIN. Did you ever hear that he might have been connected formerly with the law firm of Cravath, Henderson & De Gerstoff, of New York?

Mr. WORCESTER. I think I must modify my statement, Mr. Martin. My recollection is that when Mr. Bruce came to Manila and first presented himself there, he called at my office and told me what his relation was with this end of the line; but I really do not remember what it was.

Mr. MARTIN. Are the law firm of Cravath, Henderson & De Gerstoff attorneys for any Philippine railway, to your knowledge?

Mr. WORCESTER. I do not know.

Mr. MARTIN. You do not know whether they represent any Philippine railway interests in New York City?

Mr. WORCESTER. I do not know anything about the legal business of that firm.

Mr. MARTIN. Are you acquainted with Capt. Sleeper's father?

Mr. WORCESTER. I have never met Capt. Sleeper's father.

Mr. MARTIN. Do you know whether his father had any connection with that firm, Bruce & Lawrence.

Mr. WORCESTER. I do not.

Mr. MARTIN. Or any connection of any kind with the firm of Bruce & Lawrence?

Mr. WORCESTER. Capt. Sleeper has no father in the Philippine Islands, I am sure.

Mr. MARTIN. I do not know about that now, either, so far as that is concerned.

Mr. WORCESTER. I do not know whether his father is living, as a matter of fact.

Mr. MARTIN. I guess he has one living. Do you know who prepared the Isabella lease, and who prepared these instruments with reference to the San Jose estate? Do you know whether they were prepared in the office of the director of public lands or in the office of the firm of Bruce & Lawrence?

Mr. WORCESTER. I really do not know, I am sure. I presume they were prepared as the result of a conference between the director of the bureau of lands or some one representing him prepared to state what we could do, and some one representing the other parties prepared to state what they wanted; and it would seem to me that the place where they were prepared would be entirely immaterial, Mr. Martin. But I presume Capt. Sleeper can give you detailed information on that subject.

Mr. MARTIN. I thought, perhaps, that if a request from Mr. Bruce was sufficient to get such a provision inserted in these sales certificates as that the Government would deed them to his corporate nominees (Poole's corporate nominees), he might be permitted to draw up the instrument himself. It would go to show Mr. Bruce's standing with the Government over there. Mr. Bruce seems to be a pretty potent man in Manila. He seems to be a man who can get things. That is why I am asking you all these questions about Mr. Bruce.

Mr. WORCESTER. I am not interested in your motive in asking the questions, Mr. Martin. The only thing that would interest me, when a lease or a sale application came to me, would be whether it was in proper form. I should not care a penny who drew it up if it was in proper form.

Mr. MARTIN. Now, passing on to part 5, page 459, I want to know if you can tell me who are the corporate or partnership buyers, or whatever they may be, of quantities of the Muntinlupa estate, beginning with Baldwin, Young & Baldwin, who got 770 acres?

Mr. WORCESTER. I have not the least idea in the world, Mr. Martin.

Mr. MARTIN. Do you know whether that is an association of persons or a copartnership or a corporation?

Mr. WORCESTER. I do not know what it is.

Mr. MARTIN. Do you know anything about the Bayanan Plantation Syndicate that got 307 acres—who composed it?

Mr. WORCESTER. I can not say that I do know anything at all about it.

Mr. MARTIN. Or the Muntinlupa Co., which got 1,874 acres?

Mr. WORCESTER. No; I do not know who it is, nor who J. L. Davis is, whose name appears here. You see, Mr. Martin, I have signed somewhat more than 100,000 leases of one sort and another in connection with these friar lands, and quite a few sale certificates and other documents, and it is just a little bit difficult for me to remember

the facts about each one of them. I really could not do it. I think we can get you the facts in regard to any of them, however.

Mr. MARTIN. You have not signed conveyances of 1,874 acres of friar lands to very many people or associations or companies, have you?

Mr. WORCESTER. No. I am sorry I have not been able to sign more.

Mr. MARTIN. You are at perfect liberty to make all the statements of that character that you see fit. I am not going to raise any issue with you on that, as to what you would like to do. Do you know whether there are any Government officials or employees in those three concerns? I believe you stated, though, that you did not know anything about them.

Mr. WORCESTER. I do not know, Mr. Martin, whether there are any Government people on the Muntinlupa estate.

Mr. MARTIN. Now, turning over to page 461——

Mr. DOUGLAS. Mr. Martin, it is now quarter after 4. Can you give the committee any idea as to how long it is going to take you to finish?

Mr. MARTIN. I believe it will take an hour. I want to push on now as rapidly as I can, but I believe it will take that much time yet.

The CHAIRMAN. Go ahead.

Mr. MARTIN. It appears there that the Mindanao Estates Co. (Merton L. Miller, president; R. C. Round, agent) has an application in for 880 hectares of public land, and that Mr. Miller, the president of that company, is the chief of the division of ethnology, bureau of science.

Mr. WORCESTER. Yes, sir.

Mr. MARTIN. That the Siassi Plantation and Trading Co. (George Harvey, president; N. M. Holmes, agent) has an application in for 1,024 hectares of public land, and that Mr. Harvey is solicitor general of the Philippine Islands; that the Wilson Plantation Co. has an application in for 480 hectares; and that L. F. Patstone, superintendent of the department of engineering and public works, has some connection there (I can not see what it is; it does not specify); and that the Lais Trading and Development Co. has an application in for 1,024 hectares; Mr. R. M. Shearer, president, he being special agent of the executive bureau.

What I want to ask about the Wilson plantation is this: Is that J. R. Wilson?

Mr. WORCESTER. I do not understand that it is, Mr. Martin.

Mr. MARTIN. I mean J. R. Wilson, who is assistant director of the bureau of public lands; is that the same Wilson?

Mr. WORCESTER. I think not. Capt. Sleeper will probably be able to inform you.

Mr. MARTIN. But in the case of these others that I have mentioned, they would all appear to be corporations having these applications, the officers of which corporations are Philippine Government officials.

Mr. WORCESTER. I do not know whether they are corporations, partnerships, or associations of persons; but they all have among their officers, employees, or connected with them, employees of the insular government.

Mr. MARTIN. I understand that Frank J. Ferguson, who got 325 acres of the Bayanan estate, is here with you in Washington.

Mr. WORCESTER. I have a Mr. Ferguson with me who is a stenographer. I really do not know whether that is the man or not. I can very readily find out for you.

Mr. MARTIN. What is his first name?

Mr. WORCESTER. I do not know.

Mr. MARTIN. You do not know what his first name is, and you do not know whether he is the man who got the 325 acres?

(It was suggested to Mr. Worcester by a gentleman back of him that the name of the person in question was Samuel Ferguson.)

Mr. WORCESTER. Samuel is his first name, I think. He is not a regular employee of my office, Mr. Martin. He is just a man assigned to me.

Mr. MARTIN. Is it true that the Frank Ferguson who got 325 acres of this Bayanan estate is a brother of Mr. Carpenter's predecessor in the office of executive secretary? Do you know whether that is true or not?

Mr. WORCESTER. I have heard it said that he was an ex-soldier who was afterwards a policeman in the city of Manila, and finally left the public service and went into private life. I am very certain that he is not a brother of Mr. Arthur W. Ferguson. I think he is an old soldier.

Mr. MARTIN. J. R. Wilson, the assistant director of the bureau of public lands, has an application pending for a thousand hectares?

Mr. WORCESTER. Yes, sir.

Mr. MARTIN. The record of these transactions here does not indicate in any case whether the application has been approved and the lease issued or not.

Mr. WORCESTER. I think, from the fact that this is a list of applications in effect, that you may take it for granted that the lease has not been issued, especially as the next table gives a statement of the leases executed for public lands from July 1 up to September 30, 1910, which, I believe, supplements a previous statement covering the leases up to that time.

Mr. MARTIN. I understand the testimony to be that until the application is acted upon by the execution of a lease, the application itself guarantees the use, possession, and enjoyment of the premises to the applicant, without rent or other charge, until such time as the director of public lands may execute a lease.

Mr. WORCESTER. I do not think there is anything in the application that would convey that right. In point of fact, a man would get it by simply occupying the land. Under the law, Mr. Martin, it is only unoccupied, unclaimed agricultural public land that any man has a right to purchase or lease. So when a man goes on and simply occupies, he holds as against others, unless he is ousted by the Government.

Mr. MARTIN. When a man goes out on the public domain of the United States, he can only make an entry on unoccupied land. What I want to get at is this: It is a fact, is it not, that there is no time fixed within which the lease must be executed; and that until it is executed the premises are occupied by the applicant without rent or other charge?

Mr. WORCESTER. Yes; that is correct. That is, it is correct that they are so occupied; and there is no provision of law as to the period within which the lease shall be executed after it is applied

for. In fact, it would be absolutely impracticable for us to conform to such a provision of law unless they very greatly increased our surveying force, so as to make it materially possible for us to do the work.

Mr. MARTIN. What is there, aside from the official integrity of the Government officials who sanction this practice and under whose administration it is carried on, to prevent favoritism and fraud in these matters?

Mr. WORCESTER. I think, sir, that in any government the integrity of the officials is the essential element in the preventing of favoritism and fraud. I have, myself, never yet seen laws so framed that they could be depended upon to administer themselves automatically, and to restrain the evil tendencies of corrupt officials.

Mr. MARTIN. Would not this practice be very susceptible of favoritism?

Mr. WORCESTER. What practice?

Mr. MARTIN. The practice of permitting an official of the Government to make an application for a tract of the public domain, and then use it without rent or other charge until such time as a lease was executed to him.

Mr. WORCESTER. Of course, it is susceptible of abuse. So is any other arrangement that could be made. The question which we have to consider is a practical one; and it is this—

Mr. MARTIN. To put it—

Mr. WORCESTER. Please let me finish my answer, Mr. Martin, if you do not mind. I try to let you finish your questions.

We have a very large amount of work to do at the present time in completing these transactions which are pending. The work is enormously in excess of the actual ability of our force to perform. We have over and over and over again petitioned the legislature to give us more men, so that we can catch up with it; and they reply: "This is all the money we can afford to let you have. Go on and do the best you can with it." That is what we are doing. If we desired to misuse our official positions, there is abundant opportunity for us to do so under the laws of the Philippine Islands.

Mr. MARTIN. To put the thing concretely: What would there be, aside from Capt. Sleeper's integrity, to prevent him from permitting all of his subordinates—or to prevent him from permitting Mr. Wilson in this specific case—to make an application for 1,000 hectares of public domain, and then indefinitely delay the execution of a lease upon it, permitting him meanwhile the use of the land without any rent? What is there to prevent that?

Mr. WORCESTER. There is nothing to prevent it, so far as I can see, Mr. Martin.

Mr. MARTIN. There is not, as far as I can see, but we differ about whether it ought to be permitted or not.

Mr. WORCESTER. That will be a question of fact.

Mr. MARTIN. Now, I want to ask you something about the San Juan del Monte estate of 390 acres, near Manila. That, as I understand, is one of the estates that was not purchased from the friars.

Mr. WORCESTER. It was not purchased.

Mr. MARTIN. And it is under a lease of some sort, not from the Government, but from the owners, to Mr. J. R. Wilson, who is assistant director of the bureau of lands.

Mr. WORCESTER. I do not know how much interest Mr. Wilson may have in it. I know that he lives on the estate himself; that is, I think his house is one of the estate buildings. I do not really know.

Mr. MARTIN. He was formerly clerk of the land court, I understand, in the Philippine Islands.

Mr. WORCESTER. He was formerly clerk of the court of land registration; yes, sir.

Mr. MARTIN. Do you know whether he got this tract on the San Juan del Monte estate as a result of his official position in the land court, or anything of that sort?

Mr. HAMILTON. Let me inquire whether this San Juan del Monte land is public land or has it ever been public land?

Mr. MARTIN. No, sir; it is friar land; and it still belongs to its original owners, or, at least, the Government did not take it over at the time the other lands were taken.

Mr. HAMILTON. Then whatever title he acquired was acquired from private persons?

Mr. MARTIN. Yes, sir.

Mr. WORCESTER. I do not know either what holdings Mr. Wilson has there or how he got them, Mr. Martin, and I am not positive that his house is on the estate or that he gets it from the friars, because the boundaries of the estate are not marked. But I am of the impression that the house in which he lives is on the estate. It is quite possible that I am wrong about that.

Mr. MARTIN. I understand that Mr. Wilson's father-in-law, Frank L. Strong, lives on this estate.

Mr. WORCESTER. Mr. Frank L. Strong's house is at Santa Mesa, and I am sure that it is not on the estate. I think that he lives on land which he rents from a private gentleman in Manila, a Filipino named Tuasow.

Mr. HAMILTON. I should like to make this suggestion, Mr. Martin—that if this particular phase is likely to occupy much time, possibly it does not come within the scope of the inquiry of the committee.

Mr. MARTIN. I should like to ask a few more questions, and let that matter be determined. I want to find out, Mr. Hamilton, about these parties. I want to find out who they are and what their connections are. Sometimes that throws a good deal of light on some things.

Mr. HAMILTON. Yes, that might be true; and still, here are some relatives——

Mr. DOUGLAS. But what light would it throw on this matter to show that Mr. Strong had some sort of favorable (or otherwise) lease for certain lands from the friars?

Mr. MARTIN. Just let me follow that up a little. I understand that Frank L. Strong is the father-in-law of Mr. J. R. Wilson?

Mr. WORCESTER. He is; yes, sir.

Mr. MARTIN. Did you ever hear that Mr. Frank L. Strong put Mr. Thayer onto the Calamba proposition—to use that expression?

Mr. WORCESTER. I do not know at all how Mr. Thayer got his information; but any officer of the Bureau of Lands, or I myself, would have been delighted to give Mr. Thayer information about the Calamba estate; and if Mr. Strong did it I am indebted to him for his courtesy in the matter.

Mr. HAMILTON. It would not have seemed to require anybody to put Mr. Thayer off.

Mr. WORCESTER. We were doing all we could to bring these vacant lands to the attention of people who might occupy them.

Mr. MARTIN. Do you know anything about the firm of Strong & Harvey there in Manila?

Mr. WORCESTER. I can not say that I do.

Mr. MARTIN. A business firm of any kind composed of Frank L. Strong and Stuart Harvey?

Mr. WORCESTER. No; I do not. Mr. Harvey may be an associate of Mr. Strong in his importing business; but I was under the impression that Mr. Strong conducted that business himself.

Mr. MARTIN. Do you know whether Mr. Wilson or Mr. Strong or Mr. Harvey had anything to do with helping Thayer "raise the wind," so to speak—get the money in Manila that he is said to have gotten from various persons on the strength of his representations?

Mr. WORCESTER. I do not know at all where Mr. Thayer got his money, sir. I gathered from the information which you communicated that he got it from the Dillinghams; but there seems to have been a little mistake about that.

Mr. MARTIN. I understand that he "shook down" a number of people in Manila for a considerable sum of money.

Mr. DOUGLAS. Why did you not say that in your speech?

Mr. MARTIN. My information may not be correct; but it is to the effect that these gentlemen about whom I am questioning you rather "chaperoned" Mr. Thayer around, and were in that way of a good deal of service to him in enabling him to "shake down" the people; and I just wanted to know.

Mr. WORCESTER. I am sure I do not know about Mr. Thayer's arrangements.

Mr. MARTIN. Do you know anything about D. M. Carman being on his way to the United States now to try to raise means to float the Calamba proposition?

Mr. WORCESTER. My impression is that Mr. Carman is one of Mr. Thayer's creditors, and that the whole thing is pending in the courts now. What action his creditors have taken I do not know. I met Mr. Carman at Honolulu as I came through on the way here.

Mr. MARTIN. Is Mr. Frank L. Strong one of the receivers for the Calamba estate?

Mr. WORCESTER. I think he is.

Mr. MARTIN. Who are the other receivers?

Mr. WORCESTER. I do not know. I think it would be easy to find out for you, perhaps, if you wish to know. I do not know even how many there are, Mr. Martin.

Mr. MARTIN. I want to ask you, Mr. Worcester, if you have ever heard of a mining company being incorporated in violation of law by officials of the interior and other departments of the Philippine government?

Mr. WORCESTER. No; I can not say that I have, Mr. Martin.

Mr. MARTIN. You have never heard any report or statement of that nature? You heard Capt. Sleeper's testimony about the practice of government employees staking prospectors to locate mining claims and getting assignments of the location from the prospector or locator? You heard him testify to that practice, did you not?

Mr. WORCESTER. I have heard most of Capt. Sleeper's testimony, as I have heard all of the testimony here, but I decline always, Mr. Martin, to do otherwise than to go back to the printed record of the testimony as we have it here when it comes to the question of what was said.

Mr. MARTIN. I have that marked somewhere; I do not know just where. I examined Capt. Sleeper, and I have notes somewhere of this matter. It is on pages 404 and 421.

Mr. WORCESTER. What part, please?

Mr. MARTIN. I think it is in part 4.

Mr. PARSONS. Yes; part 4.

The CHAIRMAN. Page 404 is in part 5.

Mr. MARTIN. Here it is, on page 413. I will read the testimony to which I refer:

Mr. MARTIN. Do you know if there are any considerable number of Government employees in the Philippines who have mining interests acquired by means of locating and patenting mineral lands?

Mr. SLEEPER. No; I do not think there are a great many that have done it that way. They have purchased stock in mineral corporations.

Mr. MARTIN. They have purchased stock in mineral corporations?

Mr. SLEEPER. Yes.

Mr. MARTIN. Well, have they had a practice over there of staking prospectors to go out and make locations?

Mr. SLEEPER. Yes.

Mr. MARTIN. Government employees would stake prospectors?

Mr. SLEEPER. Yes.

Mr. MARTIN. And they would go out and make the locations in their own names?

Mr. SLEEPER. Yes.

Mr. MARTIN. And then afterwards transfer a part or all of their interests to the Government employees?

Mr. SLEEPER. I do not know what they did with it afterwards. I guess they mostly abandoned it afterwards, so far.

What I want to ask you there is whether you think that practice is proper, and whether you sanction such a practice as that in the Philippine Government?

Mr. WORCESTER. What practice, Mr. Martin?

Mr. MARTIN. The practice of Government employees staking prospectors to go out and locate mining claims on the public domain?

Mr. WORCESTER. I should be very glad to see anyone who had money stake prospectors to go out in the Philippines, or give them any other help to investigate our mineral resources there.

Mr. MARTIN. I should prefer, though, Mr. Worcester, if you can give us a specific answer as to whether you sanction the practice that Capt. Sleeper testified to?

Mr. WORCESTER. Mr. Martin, there is not any "practice" shown in this matter here. There are no data on which a man can make a reply to your question. A man who acquires an interest in a mining claim has a long legal procedure to go through with before he has anything that he can transfer to anybody else. I should sanction any procedure which was in accordance with law in that connection, and disapprove of any procedure which I believed to be not in accordance with law. There is nothing definite stated here as to what was done. We do not know from these statements what has been done at all; and I do not know what you are talking about, to be entirely frank with you.

Mr. MARTIN. I am talking about the practice of Government employees or officials sending out prospectors to locate mining claims for them.

Mr. WORCESTER. I do not care a penny who the man is who sends out a prospector.

Mr. MARTIN. That is plain enough.

Mr. WORCESTER. We have no case before us of any Government officer or employee for whom a prospector has located a mining claim, and I do not know just exactly how a prospector would go to work, in point of fact, to locate a mining claim for some one else. I should suppose he would have to secure rights in the premises. Possibly he might serve as an agent for some one else. I really do not know. If you are going to raise a theoretical proposition, I say in general terms that I would approve anything which I had reason to believe was lawful and disapprove anything which I had reason to believe was unlawful. If you can get down to a specific case and mention what somebody has really done, then I think we can come to a better understanding of the matter.

Mr. MARTIN. If a Government employee or official were to send out a prospector to locate mining claims, do you think any private citizen would care to oppose the operations and interests of a prospector so backed?

Mr. WORCESTER. Oh, yes, Mr. Martin. Our prospectors out there are like the good old-timers, just like the prospectors whom we had here, for the most part, and they would oppose the devil himself if it came to a claim-jumping proposition or anything of that sort. You can rest mighty well assured that they know their rights and are disposed to stand up for them. You come from a mining district yourself and you know what prospectors are.

Mr. MARTIN. Yes.

Mr. WORCESTER. We have the same kind in the Philippines that you have here. The Filipino people themselves have up to the present time taken almost no interest in the development of the mineral resources of the country. Practically all of the exploration which has been done, with very little exception, has been done since the American occupation by men who are entirely fearless, I beg to assure you.

Mr. MARTIN. There is a very vast difference between the conditions existing in that country and in this country—between the two forms of government, the two classes of people, and all that sort of thing. I think we might do a good many things in the United States that would not be at all permissible under the conditions prevailing in the Philippine Islands. Would not such a practice as that, Mr. Worcester, be very susceptible of favoritism and oppression?

Mr. WORCESTER. Not at all, sir, so far as I can see.

Mr. MARTIN. All right.

Mr. WORCESTER. No more than any other administrative procedure which might be adopted.

Mr. MARTIN. Do you know anything about the Manila Building & Loan Association?

Mr. WORCESTER. I do not.

Mr. MARTIN. Controlled by officials in the Interior and other Departments, and which has operations and dealings with Filipino landowners and home builders?

Mr. WORCESTER. Not a thing on earth. I have never had occasion to seek loans in the Philippines myself and have not been brought in contact with that association.

Mr. MARTIN. If such officials are carrying on such a business, does not that give them an unfair advantage as compared with men in private business? Would it not permit them to use the power of their position to get business for the company?

Mr. HAMILTON. Wait a minute, Mr. Martin. You are inquiring about public officials?

Mr. MARTIN. Yes, sir; I am inquiring about public officials having a building and loan association in the city of Manila.

Mr. HAMILTON. Does it relate to the public lands?

Mr. MARTIN. It can relate to the public lands or it can relate to friar lands. As I am informed, these people can buy public lands or they can buy friar lands, and then they can be sent to the Manila Building and Loan Association.

The CHAIRMAN. The witness has already stated that he does not know anything about it.

Mr. MARTIN. Wait a moment—they can be sent to the Manila Building and Loan Association to enter into contracts there to have homes built for them.

The CHAIRMAN. Do not let us argue that. The witness says he knows nothing about it.

Mr. WORCESTER. As I have already stated to you, Mr. Martin, that I do not know about the business of that company, the words "such a business" are obviously meaningless to me. I do not know anything about the company or what it is doing; and I can not express any opinion as to the propriety or the lack of propriety of its acts.

Mr. MARTIN. I will be frank with you, Mr. Worcester. One of my objects is not only to find out what you do know about but what you do not know about. I might be of the opinion that what you do not know is very material.

The CHAIRMAN. He says he does not know. Let us ask him some questions about something that he does know something about.

Mr. MARTIN. I am advised that the officials of the Philippine Government are paid very high salaries, as a general thing, and that it is not considered good policy for them to be permitted to engage in business.

The CHAIRMAN. Let us go on and question the witness, and not have statements or arguments.

Mr. MARTIN. I want to know if it is not considered not good policy for officials of the Philippine Government to be engaged in private enterprises, and if there has not been opposition to that policy manifested in the Philippine Commission itself many times?

Mr. WORCESTER. Mr. Martin—

Mr. HAMILTON. I suggest that that really does not relate to the scope of this inquiry, Mr. Martin.

Mr. MARTIN. Very well.

Mr. HAMILTON. I will not raise the question. I simply suggest it to you. You are anxious to finish to-night, I know.

Mr. WORCESTER. I am entirely willing to answer Mr. Martin's inquiry, if the committee wishes to include a matter of this sort in its investigation of the conduct of the affairs of the department of the interior relative to the public lands and the private lands. I submit

that this has nothing whatever to do with that question; but I should be very sorry to have it appear that Mr. Martin had put a question of that sort and that there had been any objection on my part to giving any information I can give in connection with it.

In the first place, Mr. Martin, I think experience has shown that the salaries of American officials in the Philippines, at all events, are not very large, when the cost of living and other factors are taken into consideration. For instance, I have had the point raised that the salaries paid to American physicians working under the bureau of health were very large and those paid to Filipino physicians were very small. But I notice in actual experience that I have the utmost difficulty in keeping the places filled with Americans at these supposedly very large salaries, whereas it is practically unprecedented for a Filipino to resign from one of them. From that I deduce the conclusion that the Filipino finds his salary adequate, whereas I know that the American complains that he finds his salary is not adequate; that he can not live on it.

I do not think the salaries paid to Philippine officials to-day are large by any means. On the contrary, I know, as regards many of the scientific men in my own department, that the salaries paid are frequently less than the salaries paid in this country for service of the same kind, and that the only reason we can hold our men is that they enjoy the opportunity of working in a new field and of solving original problems.

So far as concerns the engaging in business of employees of the Government, I am glad to have an opportunity to make a fairly connected statement.

We do not object to their engaging in business where it is such that there is not, or is not likely to be, any improper relationship between the details of that business and the Government positions which they hold. As I think I have already stated, we encourage their getting land and going to work and cultivating it. In the first place, we want to see the land cultivated. The country is no worse off for that. In the second place, we want to hold our employees in the Philippines. A man who has been there for some length of time is always more valuable than a new man who has just come out. In fact, he grows more valuable the longer he stays. If we say to those people that they shall not invest in legitimate business in the Philippines such amounts as they are able to save from their salaries, we do two things: In the first place, we send out of the country money which, in our opinion, might much better remain there for the development of the country; for everyone knows that we greatly need capital there. In the second place, we impose on the official the necessity of investing his funds a long way from the place where he is, and that is not a good business arrangement. He does not like to do it. Such a practice would tend to drive him out of the service.

The whole question with us resolves itself in each case into a question of the propriety of the individual transaction. I have never been present at a meeting of the Philippine Commission where anyone criticized the policy of the insular government in that regard, so far as I can remember. I have been present at meetings of the commission where the propriety of individual transactions was, perhaps, discussed. Ordinarily, however, that is not a subject which comes up there, for the reason that it is settled by the Governor General or the

head of the proper department, as the case may be. Does that cover the ground?

Mr. MARTIN. I think the answer was considerably more general than the question.

Mr. WORCESTER. You put up your lightning rod and something come down it. Is that the idea?

Mr. MARTIN. If officials in the interior department had a building and loan association in the city of Manila, or were interested in it, and it was engaged in dealings and operations with Filipino land-owners and home builders, do you not think that concern would have an undue advantage as compared with a strictly private concern?

Mr. HAMILTON. Mr. Martin—

Mr. WORCESTER. Now, Mr. Martin, unless the committee insists, I am not going to attempt to discuss with you here the question of what I would think about some hypothetical condition that does not exist, or that has not been shown to exist.

Mr. HAMILTON. I want to object, on the ground that that is simply a hypothetical question, and there is no evidence, no statement, here to the effect that any Government official has been so engaged.

Mr. MARTIN. I should like to have Mr. Worcester take part 8, page 585. There is a statement there, beginning at the top of page 585 and running down to the bottom of page 586, signed by Tomas A. Susano, Caloocan, Rizal, March 22, 1910. What does that date indicate? That is a document which you put in the record.

Mr. WORCESTER. What does the date March 22, 1910, indicate?

Mr. MARTIN. Yes, sir.

Mr. WORCESTER. I should suppose that it indicated the day that the document was sworn to. I really know nothing about it except what is shown on the face of it.

The CHAIRMAN. It says just below that it is sworn to on the 5th day of November, 1910.

Mr. WORCESTER. Oh, well, possibly that means, then, that he wrote it on the other date and swore to it before the notary then.

Mr. MARTIN. What I bring this to your attention for is this: It is dated March 22, 1910, at Caloocan, Rizal, and it is a very labored defense of the Tala contract with Mr. Carpenter. Over on page 584 is a statement, dated June 1, 1910, by J. G. Harbord, district road director, which is put in there presumably for the purpose of showing road conditions between Manila and the Tala estate, and is a justification of the road and bridge feature of the Carpenter contract. I can not see what else it would be put in for. But this two-page defense by Mr. Susano of the special provisions in the Carpenter lease appears to have been made about two years after Mr. Carpenter got that estate and before I ever knew anything about his getting it or any attack was made on it. I can not understand putting that sort of a defense in this record under the circumstances.

Mr. WORCESTER. Well, sir, I am afraid I shall have to leave you to figure that out to suit yourself. I suppose you would not insist on having a statement made after you had made your speech, would you?

Mr. MARTIN. That statement was made before any attack was made on that lease; and if the lease was all right, and the provisions of it were all right, I do not see why such an attack should have been anticipated and such thorough preparation made to meet it as to have such an extended defense prepared and signed by Mr. Carpen-

ter's manager and partner on the estate. I should think it would be in due time to defend a proper transaction after it was attacked.

Mr. WORCESTER. I really could not say, Mr. Martin, what led to the preparation of that statement at that time. It was handed to me with the request that it be placed in the record. I do not know that the facts stated are any less pertinent to this question on account of the date of the statement.

Mr. MARTIN. How much privately owned timberlands are there in the Philippine Islands?

Mr. WORCESTER. I could not tell you that without referring to the census, sir; I probably should also need to get information from the director of forestry, confirmatory or otherwise.

Mr. MARTIN. My purpose in asking the question is that I have seen Manila newspaper statements to the effect that large lumber interests were looking about over the Philippines since the passage of the Philippine tariff act of August 5, 1909.

The CHAIRMAN. I would suggest that you examine the witness without stating what you read in newspapers. It takes up time, and does not get anywhere.

Mr. MARTIN. I want to know, in view of the extensive timber reserves made by the Government over there in the Philippine Islands, where these people are going to get their lumber?

Mr. WORCESTER. That is an easy question, Mr. Martin. We have enormous public forests in Mindanao, Mindoro, Palawan more especially, and in various other islands and parts of islands, which will for a very long time be available. There is no prospect that within the next century we shall really begin to develop our forest resources. A good deal of the lands claimed to be privately owned is actually timbered at the present time; and under the regulations of the Bureau of Forestry people claiming private timber lands used to be, and I think still are, required to register their claims if they are to be exempted from the Government tax on timber cut on Government land. We do not make them establish title; we simply let them register, and thus establish a presumptive title to the land, and let them have the timber free. Those data, if I had them, would enable me to answer your question.

The CHAIRMAN. Are those private lands?

Mr. WORCESTER. No, sir; not at all. The Government administers the forest lands without turning them over. The most it can do is to grant a twenty-year concession covering tracts of public forest lands. It can not alienate them. Mr. Martin's question was directed to the extent of the private ownership of forest lands.

Mr. MARTIN. Now I want to pass on to a few questions about the opinions of the Attorney General. You say that you did not await the opinion of the Attorney General of the United States with reference to your right to approve the sale of the San Jose estate?

Mr. WORCESTER. I did not, Mr. Martin.

Mr. MARTIN. You knew, though, that it had been asked for?

Mr. WORCESTER. I did.

Mr. MARTIN. So that, notwithstanding your knowledge in that regard, you proceeded without waiting for it to be given?

Mr. WORCESTER. It was asked for for the benefit of the would-be purchasers of the estate and not for my benefit. I had not the slightest doubt as to the propriety or lawfulness of my action. The

reason I suspended my action was because I was in effect directed to do so by the Secretary of War; and when he withdrew his instructions in that regard and stated that he approved the transaction, as I believe he did in a cablegram, I consummated it.

Mr. MARTIN. It appears that Mr. Poole did not wait for it either.

Mr. WORCESTER. He waited for it to the extent that there was an understanding that before the transaction was finally consummated his attorneys must be satisfied.

Mr. MARTIN. In order to refute my statement gathered from the Manila Times about what had been done on this estate prior to the Attorney General's opinion, you said that you took occasion to make some research, and you found out that the first shipment of materials, etc., to the San Jose estate was made by Mr. Poole on December 14. That was eight days before the Attorney General's opinion was cabled to Manila, was it not—showing conclusively that Mr. Poole, too, did not himself await the opinion of the Attorney General of the United States?

Mr. WORCESTER. Oh, no; he did not await it before sending his stuff down to Mindoro.

Mr. MARTIN. He went ahead spending his money on a project that he would have to abandon if the opinion of the Attorney General of the United States proved to be adverse to your right to sell the land?

Mr. WORCESTER. I do not think he spent very much, Mr. Martin; but he probably spent some money and incurred some additional liability.

Mr. MARTIN. You stated that you thought that the Philippine Assembly amendments to the friar-lands act had been overlooked at the Bureau of Insular Affairs in Washington.

Mr. WORCESTER. That was the impression that I got as a result of the statement made to me as to what had been said there, because I saw no other satisfactory explanation of that occurrence.

Mr. MARTIN. But you know now, do you not, Mr. Worcester, that they had not been overlooked and that the Bureau of Insular Affairs had sent copies of those amendatory acts to the firm of Strong & Cadwalader in New York City?

Mr. WORCESTER. I am afraid, Mr. Martin, that I must decline to testify about what happened in Washington when I was in Manila. I do not really know anything about it. I have read the record and formed my conclusions as to what happened. But the gentlemen who made that record and who performed those acts are here, and they are competent to testify. If you want to know about it, I suggest that you put them on the stand and ask them, and do not depend upon my conclusions as to what was done when I was on the other side of the world and occupied with a number of other matters.

Mr. MARTIN. One thing that I can not understand is why you wanted the opinion of the Philippine attorney general and of the attorney of the land bureau as to your right to sell these estates in bulk. You had approved a lease or contract or option to Mr. Carpenter in April, 1908, whereby he might have acquired twelve or fifteen thousand acres of the Tala estate. You did not get any application for another estate in bulk until Prentiss and Poole came there in October, 1909—a year and a half after that. Now, you had proceeded in the case of the Tala estate. Why could you not have proceeded also in the case of the San Jose estate?

Mr. WORCESTER. Well, now, Mr. Martin, to tell you the truth——

Mr. MARTIN. If it was clearly understood that the limitations did not apply and you had proceeded on that theory and there never was any question, why, then, were both of the legal advisers over there, not only of the Government, but of the land bureau, called on for written opinions?

Mr. WORCESTER. To tell you the truth, Mr. Martin, it is not my custom in administrative affairs to ask for a legal opinion on a question before such question arises. I have always considered it sufficient to request it after the question has presented itself. We had never doubted our authority to do what we did, and I may add that we did not doubt it in the least at the time we asked for those opinions. But since the question had arisen and was a question of law, and more especially since we were endeavoring to persuade gentlemen who were dubious on the subject that our proposed action was lawful, it would certainly seem natural, would it not, especially as neither the director of lands nor myself is a lawyer, to request the opinion of the law officers of the Government? I really fail to see anything suspicious in our action in the premises. I have never had any doubt at any time as to the correctness of our action. I did not imagine that the opinion was going to be an adverse one; but I wanted it, whatever it was.

Mr. MARTIN. I do not know how you look at the matter, Mr. Worcester. It has always seemed to me that the opinion of the Attorney General of the United States upon the organic law of the Philippine Islands was so momentous, so unusual, that the officials of the Philippine Government should have awaited that opinion, and not have proceeded, as it appeared to me, in disregard of it, as though it did not make any difference what the opinion was, or that it would be all right.

Mr. WORCESTER. We had enacted specific legislation clearly intended to authorize the sale of friar lands in large tracts. That legislation had been sent on here, and like our other acts, submitted to Congress. We had absolutely no doubt of our right to pass the act in the first place, or of our having accomplished what we set out to accomplish. We have no authority to call on the Attorney General of the United States for opinions; and we are not in the habit of doing so. We did not do so in this instance. The opinion was requested by Washington authorities to give satisfaction to the purchasers or possible purchasers and not for our guidance in the premises.

Mr. MARTIN. You explained this morning with reference to Gen. Edwards's letter of September 27, 1909, and which I said you should have gotten two or three weeks before the cablegram of November 23. Your explanation of that matter just simply puts it up to me or the committee, so to speak, to accept your statement as a satisfactory explanation—that you did not see it.

Mr. WORCESTER. Mr. Martin, I undoubtedly saw the communication when I signed the indorsement transmitting it through my office. That is, I saw the outside of it. I suppose you yourself know the inadvisability of considering any matter which has two sides until you have both sides before you. That letter was not, as you doubtless inadvertently stated, addressed to me. It was addressed to the governor general.

Mr. MARTIN. But it affected your department, and would go to you.

Mr. WORCESTER. Yes; it would, in the course——

Mr. MARTIN. It would naturally go to you.

Mr. WORCESTER. In the course of events it would necessarily go to my department and pass through my hands. If we had the original document here, I think it probable, although I can not say positively, that the back of it, which is the thing that I look at when a document comes into my hands, did not mention this transaction at all. Possibly it may have. In any event, that letter would come on my table with a forwarding indorsement already written on it awaiting signature. It was not transmitted to me requesting me to make the necessary investigation. It was transmitted through me to the director of lands, and I sent it to him, and he referred it back to me in the course of time. When he returned it to me I doubtless read the whole thing.

Now, the point which you originally made there, that that really was the first communication which conveyed information, is a perfectly good point. So far as I know anything about the record at the present time it was the first document and it did arrive at Manila prior to the date of the document which I mentioned; and if you choose to do so you can believe that I wished to suppress it for some mysterious cause and that I deliberately concealed the fact of its arrival there. As a matter of fact, I overlooked it. Far from suppressing it, I should have pounced upon it with great joy, because it contains a refutation of this contention of yours over here that there was an arrangement between the Washington officials and ourselves. I am very glad that you called attention to it and had it put in the record, and I very frankly confess the fact that I ought to have included it there myself in its proper order and ought to have referred to it as the first intimation that we had that that matter was attracting interest at this end of the line. My failure to do so is, in all human probability, due to the fact that when I asked for the documents out there it was not included because the back did not show that it had anything to do with the matter under consideration, as the letter is almost entirely occupied with another and very different matter.

You can accept my statement as to that or not, just exactly as you please. You have it, sir.

Mr. MARTIN. You said this morning that that very letter contained a severe criticism—to use your words—with reference to the friar lands.

Mr. WORCESTER. No; I did not say that, if my memory serves me well.

Mr. MARTIN. As I understand it, with reference to their administration and with reference to not making disposition of them, etc.

Mr. WORCESTER. We shall have my statement by and by; but my recollection of it is that I stated that it contained criticism of a report of the director of lands with reference to friar lands. Anyhow, you have the letter and can see what it contains.

Mr. MARTIN. Well, Mr. Worcester, you can see my position, I am sure, with reference to that letter. I could not know that you had not seen a letter that seemed to me so important as that letter was. I could not know that you had not seen it. I know that you ought to have seen it. It ought to have been called to your attention by the

director of public lands, or whoever it was referred to; but I took it that you ought to see it yourself. It was a matter that directly concerned your department. I could not know that you would come here with the explanation of your statement that the cablegram of November 23 was the first you knew Washington was interested in this matter; that your explanation of that would be that you had not seen a letter calling for such important information as that asked for in Gen. Edwards's letter of September 27, could I?

Mr. WORCESTER. I quite agree with you, Mr. Martin, that you could not possibly have known that; and I quite agree with you, furthermore, that in view of the nature of the contents of the letter you had a right to expect that I would see it, and that, as you said, I would see it several weeks before the date of the cablegram referred to.

Mr. HAMILTON. In view of these lengthy explanations, I hope you will proceed.

Mr. WORCESTER. I just want to call your attention to the time when I actually did see it in the sense of reading it. That was some time after the 4th of December, when it was sent up to me by Capt. Sleeper.

Mr. MARTIN. In your testimony you read the fourth "whereas" of the friar-land act of the Philippine Government, which recited that these friar lands are not public lands.

Mr. WORCESTER. Yes.

Mr. MARTIN. Do you not think that in connection with that "whereas" and the inference that you propose to draw from it, you ought also to read the third "whereas," which recited that the Philippine government is authorized to dispose of those lands, subject to the limitations and conditions contained in the act of Congress?

Mr. WORCESTER. If I remember rightly, without referring back to the testimony, I read that "whereas" in response to a question from a member of the committee who particularly called for that particular statement. I have no objection to having all of the "whereases" incorporated. In fact, I think we incorporated the whole act in our testimony and it is a part of the record now.

Mr. MARTIN. I am willing to put them all in or leave them all out.

Mr. WORCESTER. This is in, is it not? It is in the record, I am sure.

Mr. MARTIN. You say that Congress distinguished between the public and friar lands, but is it not a fact they are both under the control of the Philippine government; that all receipts from the sale of those lands go into the treasury of the Philippine government, every dollar of them; and that they are in effect both the lands of the Philippine government?

Mr. WORCESTER. That is not quite correct, Mr. Martin. It is true that all the receipts go into the treasury. It is not true that the government is to-day in control of the public lands. On the contrary, there are several quite important little amendments that ought to be made to the public-land act, and the Philippine Commission can not make them. It can only pass and submit them to Congress for its action, because we have always held that, since the approval of Congress was necessary for that act in the first instance, the approval of Congress will also be necessary for any changes which may in future be made in it as it stands; so that these lands are not on the same basis to-day

The friar lands we can always legislate for under the provisions of section 65 of the organic act, but we can not legislate—that is, we can not enact any new legislation—for the public lands. There is a very sharp distinction there which we have always clearly recognized.

Mr. MARTIN. The friar-land sections simply authorize the Philippine Government to enact rules and regulations for the disposition of the friar lands, subject to the limitations and conditions of the act of Congress. That argument might also be applied to the friar lands, that it was not in the mind of Congress that the Philippine Government would change the organic act.

Mr. WORCESTER. The Philippine Government has not changed the organic act, and can not do it.

Mr. MARTIN. Even by acts which would be submitted to Congress for its approval or nonapproval?

Mr. WORCESTER. I believe procedure in connection with the passage of the public-land act was clearly outlined in the organic act itself, whereas we were left free to legislate on the other land, and provisions were mandatory to the effect that we must submit our legislation relative to the public lands to the President of the United States for his action, and that he must submit it to Congress, and that it must at least await the action of Congress during one session before becoming effective.

Mr. MARTIN. I will not involve us in a legal argument about the law.

Mr. WORCESTER. I should be very grateful to you if you will spare me the necessity of displaying my ignorance concerning legal matters.

Mr. MARTIN. You have said, in answer to questions by the committee, that the policy applying to these lands ought to be the same, whether they were public lands, private lands, or friar lands, and the member of the committee was then questioning you with reference to the limitations——

Mr. WORCESTER (interrupting). I must remind you once more, Mr. Martin, that while I have the greatest confidence in your intention to quote me correctly, you have failed to do so lamentably in a good many cases, and I can not accept your statement as to what I said in regard to that matter.

Mr. MARTIN. In a great many cases I have referred to the proceedings of the hearings and quoted from them.

Mr. WORCESTER. Yes. I should appreciate it if, in connection with so important a statement as that, you would be kind enough always to do so, and thus possibly avoid the necessity of our discussing something that really did not happen.

The CHAIRMAN. The Chair ventures to suggest that this has not much bearing on the question before the committee, at any rate.

Mr. MARTIN. You have said you would not approve of such large holdings generally as the San Jose and Isabela estates. You have said that, have you not, without my referring to your exact language in the hearings?

Mr. WORCESTER. I think, Mr. Martin, that the question rather took the form of what I would consider to be the proper maximum holdings in connection with the sale of public lands, and that my reply was that I would consider 15,000 acres to be a reasonable and safe limit, and that 10,000 would be quite satisfactory.

Mr. MARTIN. Then I will ask the question, on my own account, whether you would approve of such holdings as in the case of the San Jose and Isabela estates?

Mr. WORCESTER. If you mean to ask whether I would approve of the enactment of legislation under which the high limit of public lands that might be acquired would be 50,000 or 55,000 acres, my answer to that is no, I would not.

Mr. MARTIN. But you would have established precedents in the way of large land holdings there by the sale of those two large estates in bulk?

Mr. WORCESTER. The precedents would not be likely to come up to hurt us, for the reason there are no more estates of that size to be sold. And you must remember that in that case also we are dealing with land which is costing the insular government money to-day. We are in debt for it and we are supposed to get out, and that is a very radical difference which puts it aside altogether in a class by itself, so far as your present question is concerned, as distinguished from the public domain which at all events is not costing us anything if it lies idle.

Mr. MARTIN. You have stated that the Philippine Assembly unanimously passed these amendatory acts 1847 and 1933, enabling the sale of the friar estates in bulk. I want to ask you if the Filipino people are not practically a unit in repudiating the construction that has been placed upon those acts, and if the two political parties, the Nationalist and Progressive, have not, through their official leaders, agreed upon their opposition to the sale of those estates in bulk?

Mr. WORCESTER. Mr. Martin, so far as concerns the attitude of the Filipino people on that subject, I think I shall have to request you to call some witness other than myself. If you will present facts here—you have already referred to some documents which you have proposed to present in evidence—I am ready to attack the conclusions which you draw from those documents. I do not indorse your statement at all. I do not assume to speak for the Filipino people. The Filipino people can not at present speak for itself. It is split up by a multiplicity of dialects. It is divided among a host of islands, and these communications which you get here, which purport to represent the Filipino people, represent the views of a few politicians. It was demonstrated in the old days under Spanish rule that it was practicable to get an extensively signed petition calling for the beheading of the Queen of Spain. I am told that that is an historic fact, and that shows what can be done.

If you want to bring in evidence on that subject, and if the committee wishes to hear it, I think I am prepared to throw some light on what happened in the way of manufacturing public opinion on this thing in the islands, and to show that hostile public opinion has been directed not at what we have actually done, but at what you, in your erroneous statement on the floor of the House, said we had done or were going to do, and those are two very distinct things.

Mr. MARTIN. Right in that connection, before you pass on from that—

Mr. WORCESTER (interrupting). I may say in passing that I am reasonably familiar with what has appeared in the newspaper and with various other things.

The CHAIRMAN. We were in hopes neither one of you would go into that matter.

Mr. MARTIN. It is only fair to me that I should call Mr. Worcester's attention to an editorial published in the Van Guard, at Manila, February 25, 1910, which was a month before ever I made a speech on this subject in Congress, entitled, "New invasion of the Philippines," and beginning, "The trusts are upon us," and then proceeding to condemn the sale of the San Jose estate to the Poole syndicate, as it is called.

Mr. WORCESTER. Pardon me, Mr. Martin, if I created the belief, as perhaps I did, that you are responsible for all the agitation that has occurred out there. You will remember that I have repeatedly called attention to the fact that there is usually agitation in connection with the investment of American or other foreign capital in the Philippine Islands, and I am entirely prepared, if the committee wishes to admit that sort of thing in evidence, to discuss it with you on its merits and to point out what it seems to me it does show. But you asked the specific question as to the attitude of the people in regard to this transaction, and the fact is that a good many of your views on the subject as to what we were going to do, including the statement to the effect that we were going to take lands away from the people who had actually purchased their holdings, were disseminated there and are responsible for a considerable amount of the popular feeling which has been stirred up, though not for all of it.

The CHAIRMAN. If you gentlemen will permit me, I do not think we want to investigate speeches made by Mr. Martin on the floor of the House of Representatives, or statements made in the newspapers, or anything else of that nature. What we are called upon to investigate is the administration of the Philippine Islands by the Department of the Interior.

Mr. MARTIN. But in passing from that subject, I will say that a public official or Member of Congress could not afford to be swerved from what he conceived to be his duty——

The CHAIRMAN (interposing). I do not think we are called upon to investigate it. We are not sitting here to investigate speeches made on the floor of the House of Representatives by anybody.

Mr. MARTIN. I want my statement to go in the record, that a Member of Congress can not be swerved and should not be swerved from what he conceives to be his duty, by reason of the fact that it may result in agitation among some class or classes of people. If he could, if he should be swerved from his duty by such consideration as that, there are very few speeches that could be made in Congress. I will dismiss the subject with that.

Mr. HAMILTON. It would be very difficult to put into the testimony here, in the statements before this committee, with any sort of accuracy, statements as to the condition of public feeling anywhere.

Mr. MARTIN. Mr. Worcester, you stated in your letter to the governor general, at page 58. [After a pause.] I appear to have incorrectly marked Mr. Worcester's statement, so that I do not find it on page 58, that he thinks the Philippine Commission made a mistake in applying the limitations of chapter 2 of the public-lands act to the friar lands, and explained it as being in part due to his absence, he being more familiar with those matters than any other

member of the commission. That is the substance of the statement, and I think it is fairly correct.

Mr. WORCESTER. That is correct, Mr. Martin—sufficiently so for your purposes.

Mr. MARTIN. Who were the members of the commission at that time, and what was the profession of each of them, in addition to yourself?

Mr. WORCESTER. I fear we shall have to go back to that time to ascertain. There have been a good many changes in the commission, and it is a little difficult for me offhand to state just who were members at any particular time.

Mr. PARSONS. What was the time?

Mr. MARTIN. 1904. I understood there were several lawyers on the Philippine Commission.

Mr. WORCESTER. There have always been one or more lawyers on the Philippine Commission.

Mr. MARTIN. They would be competent to determine whether they were making a mistake in the matter, and whether they knowingly were applying the limitations of the public-land act to the friar lands.

(Mr. Worcester later furnished the names requested, as follows: Luke E. Wright, Henry C. Ide, Dean C. Worcester, T. H. Pardo de Tavera, Benito Legarda, Jose R. de Luzuriago, James F. Smith, and W. Cameron Forbes.)

Mr. MARTIN. But passing on, you have stated, Mr. Worcester, that exploitation, in the sense in which I used that word, would be highly objectionable, and I used it in the sense of only one interest or one combination of interests developing a sugar plantation or a tobacco plantation on the San Jose or Isabela estate, or other proposition of that magnitude, in which connection Mr. Taft has expressed himself in opposition to large sugar estates as bringing about an undesirable social and industrial condition there.

I would like to have you distinguish between exploitation in the sense in which I used it and the condition which Mr. Taft has stated that it was not desirable to bring about in the Philippine Islands.

Mr. WORCESTER. You will have to excuse me if I do not go into Mr. Taft's views on that subject. He is here also and can speak for himself.

I will tell you what I mean by "exploitation" in the shape of legitimate development, and what I understood you to mean, and if I misunderstood you I will ask you to correct me.

By "exploitation," in the unobjectionable sense, I mean the legitimate commercial development of a country, and specifically in connection with the case in hand, I mean the growing of sugar cane on a sufficiently large scale to justify, as a commercial enterprise, the employment of modern means of cultivation and of extracting the sugar from the cane. That is what I consider legitimate development, and I consider that without it the Philippines will be pretty well shut out of the sugar markets of the world.

I understood you to mean by "exploitation" in effect the monopolistic absorption of industries of that sort, the gathering in of lands in such quantities that the mere fact they were held in that way would interfere with other people getting into the business, and

efforts to hamper other people who might desire to get into the business in the country, so that they would not be left free to go on and compete.

Mr. MARTIN. I will say at this point that is not my idea of exploitation. But my idea of exploitation would be that to permit the Mindoro Co. to go ahead on the San Jose estate, and in cooperation with these other corporations, would result in nothing more nor less, considering the conditions and the people and everything over there, than the establishment of a peonage plantation there, which would be exploitation in the worst sense of the term. The owners, but not the peons, might make money out of it—

Mr. WORCESTER (interrupting). I understand just what you mean.

Mr. MARTIN. But the Filipinos would not.

Mr. WORCESTER. You would, though, I think, agree that I have perhaps a little more first-hand information of the local conditions there than you have.

Mr. MARTIN. Yes, sir.

Mr. WORCESTER. My opinion of what would happen is, briefly, as follows:

In the first place, I think that the daily wage, not only in Mindoro but in other parts of the islands, would increase. I justify that belief by the fact that it has about doubled already in the island of Mindoro. That I consider a good thing for the people.

I think, second, that the people who are now led to leave the islands and go as far as the Hawaiian Islands to get work on modern sugar plantations would remain at home, which, it seems to me, would be a good thing.

I think, third, that it will probably prove necessary to grow a considerable amount of cane under contracts; in other words, to take the people in as, in a way, small partners in the business on the sharing plan, and I think that is really a good thing for a great many Filipinos in their present state of development.

I think, fourth, that it will provide employment for skilled labor, such as is now being used in railroad construction and in the construction of buildings; that it would further provide for a limited number of scientific employees, such as chemists, and for a very considerable number of mechanical engineers and employees of that sort as well as for overseers. In other words, it seems to me there is abundant opportunity for development there, and I really do not understand your suggestion that it would make peons out of the people, because they are absolutely free to go or come as they please. They are not there now. They would not go there unless the opportunity attracted them, and they would be mighty certain to leave if they were not satisfied with conditions, as quite a few of them have already done. I do not think there would be any tendency toward the enslaving of the people or toward bringing about a condition of peonage.

Mr. MARTIN. In reply to that, while I am not testifying and desire to press on to conclusion, I will just say, briefly, that it appears to me that the conditions that would obtain on the San Jose estate, if you are permitted to proceed over there as you have started out, would create and bring about the very conditions which Mr. Taft has stated it was not desired to bring about in the Philippine Islands.

I want to ask you this question: What do you understand to be aimed at by the law with reference to land limitations in the Philippine Islands—corporations or monopoly? Let me make myself clear: Do you understand the law is aimed just at corporations per se, or is it aimed against large landholdings?

Mr. WORCESTER. Mr. Martin, I do not believe my views as to what Congress had in mind when they passed that law are very valuable. You gentlemen here are Members of Congress and you are competent to state what you intended to do. I have my own views as to what led to the passage of that law, and I have always believed that two very different sets of interests were represented there: One, those of men who were honestly desirous of protecting the Filipino people from what they believed would be unwise legislation if large landholdings were allowed; and the other, the beet-sugar interests of the United States, which desired to prevent the establishment of modern sugar estates in the Philippine Islands. I may be wrong; you know more about that than I.

Mr. MARTIN. The individual is limited to 16 hectares; the corporation may acquire 1,024 hectares; therefore, as I understand it, it is not the corporation per se that is aimed at. It is rather favored by the law, but the law is aiming at large or monopolistic landholdings, and the results and consequences of monopolistic landholding are the same whether by individual or corporation.

Mr. WORCESTER. But there your argument, I think, fails when you remember that as far as leasing is concerned the individual is treated just as well as the corporation. We never could understand why it should be possible for a man to lease 2,500 acres when he could not buy more than 40 acres.

I agree with you that monopolistic landholding would be objectionable, but I contend that there is not any possibility of it now and would not be if we had a much higher limit. I base that contention on the size of our population and the amount of land that would be available.

Mr. MARTIN. You are of the opinion, are you not, that the uncertainty as to the future status of the Philippine Islands retards and interferes with investments, development, and so on, over there, and if it were settled that we were to retain them indefinitely, or, in other words, keep them permanently, would it not, in your opinion, be a great stimulus to investment and development?

Mr. WORCESTER. I think anything that definitely determines the status of the islands would clear the situation and tend either to advance or retard their development, as the case may be; but I am not of the opinion, Mr. Martin, that proper development there is necessarily connected with any determination for us to keep the islands indefinitely. I think it only depends on the announcement of a policy to keep them until such time as the people themselves may be depended upon to protect life and property and deal justly with the inhabitants of the country.

Mr. MARTIN. How could anything be more indefinite than that?

Mr. WORCESTER. It would be indefinite as to the time that would be required, but it would be very definite as to the result to be accomplished.

Mr. MARTIN. The time in your mind is a long ways off when they will be fitted for self-government, according to your ideas of fitness?

Mr. WORCESTER. It would be a varying time for the numerous very different peoples which inhabit the islands; and for the Negritos, for instance, it would be, perhaps, never. For many of the somewhat highly civilized peoples, we all hope it will come within the measureably near future.

Mr. MARTIN. You think whatever investments are made there ought to be and will be permanently protected, do you not?

Mr. WORCESTER. I certainly hope so.

Mr. MARTIN. How can they be permanently protected unless we permanently retain the islands?

Mr. WORCESTER. If you postulate that question on the supposition that the people themselves will never be able to establish a government which would protect the legitimate business interests in those parts of the islands which are inhabited by Christianized and civilized Filipinos, I must say I am not with you. I am not prepared to make that statement. If you speak of other parts of the islands, my attitude would be very different, because I think it is exceedingly doubtful if a good many of the very primitive peoples we have there will ever become sufficiently civilized to be able to protect business interests.

Mr. HAMILTON. Even the non-Christian people in parts of the islands rather recently petitioned to be permanently attached to the United States and to be permanently held.

Mr. WORCESTER. It would not be possible for those people to act in conjunction.

Mr. HAMILTON. I saw a statement to that effect, and I simply wanted to inquire.

Mr. WORCESTER. I think that statement was perhaps based on some request made by the Moros in one place, relative to continuance of American occupancy.

Mr. HAMILTON. That was stated to be quite general. I do not know how general it was.

Mr. WORCESTER. I am sure I can tell you that is not true, because those wild tribes are just beginning to communicate with each other there at all, even where they live on adjoining lands, and they have no means of communication between the different islands.

Mr. HAMILTON. I saw that statement in an article, I think, in the Outlook, setting forth the advantages of the markets which were established there by certain officers in charge.

Mr. WORCESTER. That I think applies only to the Moros in the southern Philippines, and to a part of them, and not to all the wild people.

Mr. MARTIN. Leaving out the question of tribes, have you any idea in your mind now as to when the controlling element of the Filipino people would be fitted for self-government?

Mr. WORCESTER. I should be quite unwilling to attempt to fix a definite time, further than to say that in my opinion the time has not yet come and can hardly come at the earliest until a new generation has been brought up with ideas different from those which were inculcated under Spanish sovereignty.

Mr. MARTIN. Do you not regard the growth of American investment, industries, and so forth, in the Philippine Islands as tending to cement the ties between the two countries and stimulate and increase sentiment in this country for their permanent retention?

Mr. WORCESTER. I think that the establishment of friendly and advantageous business interests between the two countries will create sentiment at both ends of the line in favor of a close and permanent relationship.

Mr. MARTIN. Is it not true that this policy which you have initiated over there with reference to the friar lands, for instance, is associated in your mind with the idea of permanent retention of those islands, and as a step in that direction?

Mr. WORCESTER. Oh, no, sir. I am really very much more of an admirer of the Filipino people than I get credit for being. No one is more anxious than I am to see them reach the time when they can safely and wisely conduct their own affairs, but I am not so optimistic as some people are as to the earliness of the date on which they will be able to do it.

Mr. MARTIN. There has been a good deal said here about a "conspiracy" to do things. The word "conspiracy" has been used considerably, but that does not necessarily mean that I had the idea in mind that it was a criminal conspiracy, as defined by law, with reference to bringing about large holdings and getting large American interests to invade the Philippines and invest there. Have you had any idea in mind in connection with this new policy with reference to the friar lands that enlarged public-land holdings would give a great stimulus to American investment there, and still further strengthen and cement the ties between the two countries and render less and less possible a final separation between them?

Mr. WORCESTER. I do not think increased opportunities to get land will by any means result in American investment alone in those islands. We have a great deal of foreign capital which is looking for investment in the Tropics. British capital is decidedly less inclined to be conservative about such investment than is American capital. I think, in view of the fact that the Philippines are an essentially agricultural country, and that our manufactures are of relatively very insignificant importance at the present time, that anything which will stimulate the legitimate agricultural development of the country is certainly in its interest and in the interest of its people; and I am no more prepared to say that opportunity for advantageously carrying on agriculture will lead to difficulty in severing relations between the United States and the Philippines than I am to say that it will lead the British Government, for instance, to desire to come in and assume control. I take it for granted that what will happen in that regard will really depend directly on the kind of government that is maintained. So far as I have been able to observe, capital is not attached to any particular government as such, but it does gravitate toward those countries where life and property are safe and where justice is to be had. I can not indorse the theory that the investment of capital in the Philippines, which will unquestionably, under existing circumstances, redound very greatly to the benefit of the people, for the reason that 80 or 90 per cent of it is sure to remain there, will complicate the political situation in the future, although I think it may lead to perhaps a difference in what the people themselves will desire.

Mr. MARTIN. I am putting this in the form of a statement, but it is in effect a question—that you and officials of the Philippine Government who entertain your views, and officials of this Government

who entertain your views, have all along been determined upon breaking down the barriers against landholding and large investments, and so forth, with the idea in mind of stimulating American investment and enterprise in the islands, giving impetus to the sentiment to permanently retain them, and with the view in mind of permanent retention.

Mr. WORCESTER. Mr. Martin, I really can not allow you to speak for me there. I have not entertained or expressed the views which you have endeavored to put into my mouth. I think I have already stated quite fully the views which I do entertain. If you desire me to amplify them in any particular I shall be glad to do so. If you will ask me a question which does not involve a statement of your views, but which does put a direct query which can be answered, I shall be happy to answer you.

Mr. MARTIN. You have not in mind the idea of ever giving up the Philippines, have you?

Mr. WORCESTER. Do you mean give them up myself?

Mr. MARTIN. Of ever having this Government to permit them to set up and establish their own independent government?

Mr. WORCESTER. My dear sir, that is just what we are trying to train them to do. I think it quite possible that some considerable portion of the population may eventually be able to do that. There are some other portions of the population which, as I have stated, can perhaps never be expected to do it. The Negritos come practically at the bottom of the human series, and other tribes vary greatly in their present and probable future development.

Mr. MARTIN. But will not the multiplication of American interests in the Philippines logically lead to a demand for their permanent retention under the claim that, according to our standards, they will never be a people fit for self-government, and is not that at bottom really the idea you have in mind with reference to the breaking down of the limitations on public-land holdings, friar-land holdings, and investment there generally?

Mr. WORCESTER. I do not remember to have heard any responsible person ever seriously make such a claim as that one which you have just stated. Do you claim that? Do you claim that they will never be fit?

Mr. MARTIN. No, sir; I do not claim it.

Mr. WORCESTER. I do not speak for anyone who does.

Mr. MARTIN. But I, as an American, have ample reason to believe we have got a whole lot of people in this country who can never be made to believe that the Filipinos will be capable of self-government.

Mr. WORCESTER. I have been in this country only about 8 months in the last 11½ years, so I really can not tell you about the state of public opinion over here.

Mr. MARTIN. I have never heard—if I have, it has escaped my mind—of any Government having subject peoples or colonial possessions who ever thought those subject peoples or colonial possessions were fit for self-government. England did not think the United States was fit for self-government.

The CHAIRMAN. Gentlemen, it is getting to be nearly 6 o'clock, and we seem to have wandered afar from the question under consideration.

Mr. WORCESTER. I have never known any other government to do just what we have been doing in the Philippines, either.

Mr. MARTIN. That would be a matter of opinion with each government. I suppose the English Government thinks it is a great civilizing power.

If the Philippine Legislature has only to amend the organic law of the Philippine Islands with respect to the public lands, subject to the approval of Congress, why do you not go ahead over there, amend them, and pass the proposition up to Congress?

Mr. WORCESTER. We should, sir, if we deemed it necessary, and my recollection is that we have done so in connection with the public-land act.

Mr. MARTIN. You have the same limitations there you had when the organic law was first enacted, and I do not see why you do not proceed through the Philippine Assembly to pass the desired amendments and let them come up to Congress and see whether or not Congress will disapprove them.

Mr. WORCESTER. That is certainly what we should do if the amendments were deemed important enough to justify such a course, and if there were probability enough of their passing Congress to make it worth while to submit them.

Mr. MARTIN. You have recommended holdings over there of as much as 25,000 acres to individuals and associations and corporations.

Mr. WORCESTER. We recommended that quite persistently for several years, and abandoned the recommendation, not because we do not think it a wise one, but because we saw that it apparently was not going to be granted, so we tried to get a smaller increase.

Mr. MARTIN. In your report for 1909 you recommended 15,000-acre limitations on the public lands, and yet at that time you had at your disposition a number of these large friar estates which were a burden to the Philippine Government, and a growing burden. If you had those large friar estates at your disposition, why were you urging Congress to increase the limitation of landholdings in the public domain? Why did you not go ahead and dispose of those lands?

Mr. WORCESTER. We did, as fast as we could find anyone to take them, Mr. Martin.

If you will allow me to answer the question a little further: Even if we disposed of all the vacant friar lands their total quantity is relatively so small that we should come very far from remedying the drawbacks in the existing situation as we see them.

Mr. MARTIN. Mr. Chairman, I have occupied all afternoon in this examination, and with the somewhat limited means at my command, as compared with these other gentlemen, I have sought to cover the ground pretty completely. I appreciate the indulgence of the committee in this matter, but it is just possible that before Mr. Worcester is finally dispensed with by the committee I might want to ask a few more questions. It will be extraordinary if, under the circumstances, I have not omitted to ask some few things I should like to ask him. He has also this morning put a supplemental statement in the record of such character that it will be necessary for me to examine it in print before I can determine whether I wish to ask any questions

or not. I can only assure the committee that if I do want to ask questions I will not consume very much time.

The CHAIRMAN. What is the sense of the committee about the next meeting?

Mr. HAMILTON. I think we should proceed as rapidly as possible with the investigation, and I therefore move we adjourn until to-morrow morning at 10 o'clock.

The CHAIRMAN. If there is no objection, the committee will adjourn until to-morrow morning at 10 o'clock.

(Thereupon, at 5.50 o'clock p. m., the committee adjourned until to-morrow, Friday, January 6, 1911, at 10 o'clock a. m.)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INSULAR AFFAIRS,
Friday, January 6, 1911.

The committee met at 10 o'clock a. m., Hon. Marlin E. Olmsted (chairman) presiding.

The following members of the committee were present: Messrs. Olmsted (chairman), Hamilton, Douglas, Jones, Garrett, and Denver.

TESTIMONY OF MR. DEAN C. WORCESTER—Continued.

The CHAIRMAN. Mr. Ralston, attorney for the Anti-Imperialistic League, of Boston, has submitted a few questions which he desires to be asked of Mr. Worcester. Mr. Hamilton, will you ask these questions of Mr. Worcester?

Mr. HAMILTON. It appears on page 216 that under your form of friar-land leases they were not assignable without your consent. Why was Mr. Bruce given leases assignable without your consent?

The CHAIRMAN. Mr. Ralston, where you say page 216, that is page 216 of what?

Mr. RALSTON. The report of the proceedings.

The CHAIRMAN. Of our hearings?

Mr. RALSTON. Yes.

Mr. HAMILTON. The pages, it is explained, refer to the pages of testimony. At the end of this question page 218 is also referred to. It is explained, Mr. Worcester, that these questions were originally prepared to be put to Capt. Sleeper, and there may be some verbal changes necessary to be made to make them applicable to you.

Mr. WORCESTER. I do not find the statement that seems to be referred to on page 216, "they were not assignable without your consent." Page 216 is the testimony of Capt. Sleeper, and I do not find anything that refers to that subject. Perhaps Mr. Ralston will call my attention to the specific language to which he refers.

The CHAIRMAN. It is on page 218:

Said party of the second part expressly agrees that he will not assign or transfer this lease, or subrent or sublease said land, or any part thereof, without first securing the written permission of said party of the first part.

Mr. WORCESTER. The question states that—

It appears on page 216 that under your form of friar-land leases they were not assignable without your consent.

The CHAIRMAN. The form of lease begins on page 216 and the particular clause in question is on page 218, as I have just read it.

Mr. WORCESTER. The question is: "Why was Mr. Bruce given leases assignable without your consent?" as I understand it. I should say that Capt. Sleeper dealt with that matter. I should say that the answer was that Mr. Bruce was given a special lease, and a copy of Mr. Bruce's lease is, of course, in the testimony here.

The CHAIRMAN. Well, the question is: Why was Mr. Bruce given a different form of lease?

Mr. WORCESTER. I will look to find, if I can, the actual language here which is referred to.

The CHAIRMAN. It is on 218; I just read it to you.

Mr. WORCESTER. That, sir, is the regular form of friar-land lease, the ordinary lease that we issue to tenants. Now, apparently, Mr. Ralston thinks he finds some discrepancy between that and the lease which was actually given to Mr. Bruce in the matter of assignment. I really can not see what that has to do with the case, because the Bruce lease was a special temporary lease, good for one year only, and if he had assigned it to anyone else it would still have stood for but a single year. In other words, it is not the ordinary lease at all. I do not find it in any language, relative to transferring it. In other words, I miss entirely the point of the question; I do not know what he wants to bring out.

The CHAIRMAN. Well, there does not seem to be any provision in the Bruce lease to the effect that he shall not lease or sublease or sub-rent without first securing the permission of the party of the first part. That is the difference to which the question refers. Your ordinary form of lease has that provision in it.

Mr. WORCESTER. Yes.

The CHAIRMAN. The Bruce lease does not have it in it?

Mr. WORCESTER. The Bruce lease is a special lease designed, in effect, to give an option to purchase the estate at the end of a year and give opportunity meanwhile to investigate its possibilities. I have no doubt that various differences between that and the ordinary lease will be found.

The CHAIRMAN. Capt. Sleeper has already testified why the Bruce lease was given and as to the difference between that and the ordinary form of lease.

Mr. HAMILTON. The next question is: Who composed the Assing Co., to whom 2,267 acres were sold, page 76?

Mr. WORCESTER. I do not know.

Mr. HAMILTON. The next question is: Who constitute the Angli-way Corporation, to whom 2,530 acres of public lands were sold, page 76?

Mr. WORCESTER. I do not know. I have already stated that I do not know the gentlemen who compose any of these companies, where their names do not appear.

Mr. HAMILTON. Who constitute the Baco River Plantation Co., to whom 640 acres were sold?

Mr. WORCESTER. I do not know.

Mr. HAMILTON. Who constitute the La Yebana Co., to whom 400 acres were sold?

Mr. WORCESTER. I do not know. There is a La Yebana tobacco factory in Manila; whether that has anything to do with this company or not I can not say.

Mr. HAMILTON. Who constitute the Angsariling Lacas Corporation, to whom 320 acres were sold?

Mr. WORCESTER. I do not know, sir.

Mr. HAMILTON. Who are F. J. Banyea and Joseph Pollack, who purchased 308 hectares of the Muntilupa estate?

Mr. WORCESTER. I do not know either of these gentlemen.

Mr. HAMILTON. Did you, prior to June 10, 1910, make any official report showing the name of Mr. Carpenter as contracting to lease or purchase any lands in the Tala estate, page 202?

Mr. WORCESTER. Where did I call official attention to that? Kindly repeat the question.

Mr. HAMILTON. Did you, prior to June 10, 1910, make any official report showing the name of Mr. Carpenter as contracting to lease or purchase any lands in the Tala estate?

Mr. WORCESTER. I never made any official report showing the names of the lessees of any friar lands, either in Mr. Carpenter's case or that of anyone else, as far as I remember. That information may have appeared in some reports of the director of lands; I can not say. Everybody knew about the Carpenter lease, and there was no occasion to report it. That was one of the most public transactions that ever occurred in the friar-lands matter.

Mr. HAMILTON. What acts did you perform in the way of bringing about the passage of the Philippine legislation under which the purchase by Mr. Carpenter of his tract was permissible?

Mr. WORCESTER. I take it that that question refers to the amendment to the friar-lands act as originally passed, consisting in the omitting from it of the restrictions of chapter 2 of the public-lands act originally included. The action taken by me was to approve a draft of an act calculated to relieve that difficulty. In fact, I approved the draft of the acts as actually passed, if I remember well. It was prepared by Capt. Sleeper and subsequently informally communicated by me to the joint committee of the Philippine Legislature, reason for that action being that its passage through the assembly might be expedited through having some one there who would understand just what its purpose was. The act could not be formally brought before the joint committee for official action as it had not been submitted to them by the president of either house. I did, however, read it to them, call their attention to its provisions and its purpose, and requested them to do what they could to see that it went through when it came up in the assembly. As far as I remember, I took no other special action in regard to that act. It should, however, be stated that nearly a year later another amendatory act was passed which reenacted the language of the first amendatory act as far as the removal of the restrictions is concerned. That later act, it will be noted, was passed after the Philippine people had had abundant opportunity to realize what we had done by our first amendatory act. It originated in the Philippine Assembly and first came to Capt. Sleeper and myself after its passage there, so far as I remember, without any previous knowledge of its existence either on the part of the director of lands or of myself. It is thus shown clearly that after the people at large and the lower house had had abundant opportunity to realize the purpose of the first amendatory act, through the fact that that purpose had been carried into effect, the lower house voluntarily reaffirmed the action originally taken, by reenacting the original provision.

Mr. HAMILTON. Who are the judges as to whether Mr. Carpenter complied with the terms of his lease with reference to cultivation or placing of animals upon the land?

Mr. WORCESTER. The director of lands would be the judge of that matter, sir, in the first instance. His action would require my approval.

Mr. HAMILTON. What obligation was the Philippine government under to lease to E. L. Worcester the quantity of land he received or any other quantity, upon his mere application?

Mr. WORCESTER. Section 22 of the public-land act provides, omitting the irrelevant matter, that—

Any citizen of the United States may lease any tract of unoccupied, unreserved, nonmineral, agricultural public land, not exceeding 1,024 hectares, by proceeding as hereinafter in this chapter indicated.

I quote only those portions of the section which are specifically relevant here; the whole section has already been quoted and incorporated in the testimony and will be found there. My nephew was a citizen of the United States; the land which he applied for was unoccupied, unreserved, nonmineral, agricultural public land; the tract which he applied for did not exceed 1,024 hectares; as a citizen of the United States he had a right to apply to lease it.

Mr. HAMILTON. It is suggested that the answer is not quite full enough to fully answer the question. I will repeat it: What obligation was the Philippine government under to lease to E. L. Worcester the quantity of land he received or any other quantity, upon his mere application? I am requested to suggest that the question relates to the government's obligation to make a lease and not to his ability to take a lease.

Mr. WORCESTER. The law explicitly states that he has the right to take it; the law gives him the right to it and the government can not take that right away. That law was approved by Congress and can not be amended by the Philippine Legislature without the assent of Congress. It conferred upon him that right, and I could not say, nor could any official of the government say: "You shall not lease this land."

The CHAIRMAN. Could you say to one man that he may lease and to another man that he may not lease, both being within the terms of the act?

Mr. WORCESTER. I could not. That would place me in an entirely untenable position. No discretionary power is conferred upon me to determine that one man may lease and another may not, provided he is entitled to lease under the law.

Mr. HAMILTON. The next question is: Why has not the Worcester lease been produced in these hearings?

Mr. WORCESTER. The Worcester lease has not been produced in these hearings for the reason that a package marked "public-land leases" was found, on arrival here, to contain the applications for public-land leases, including the application of my nephew, instead of the leases themselves. The original lease was immediately cabled for and ought to be here in the near future. It will be included in the evidence. Meanwhile, both the director of lands and I, myself, have stated that it is the usual lease written on the usual form and that it contains no unusual condition. We have submitted a blank form, which has been incorporated in the evidence. The reason the lease itself has not been incorporated is that it was somewhat difficult, on a few days' notice, to get together and ship all of the records. We brought with us between 7 and 8 tons of records

and still it is found that some things which we want were omitted. I wish to say that it is a source of great chagrin to me that that particular document should have been omitted; it is one of the papers that certainly ought to have been brought here. Capt. Sleeper made a special request that those leases should be included; there were only a few of them; they ought to have sent every one of them here, but they are not here, and the reason is as I have stated.

Mr. HAMILTON. But they will be here?

Mr. WORCESTER. Yes; it was cabled for the moment we found it was not there.

Mr. HAMILTON. Under its provisions has Mr. Worcester a right of renewal for a second period of 25 years at the same rental price as for the first period? If so, why did not the Government preserve the right to increase the rental to accord with the probable increase of the value of the land?

Mr. WORCESTER. The first question presupposes an incorrect answer and the second question, therefore, becomes useless. The right of renewal is conveyed not by the lease, but by the public-land act itself; there is no provision in the lease on the subject, and any provision put there, except as it simply involved a statement of the law, would, of course, be without effect. The provision of the law is that such leases may be renewed for a second period of 25 years at a rental not exceeding one peso and a half per hectare per year. The maximum rental is not subject to my control, but is fixed by law.

Mr. HAMILTON. The next question is: Why are not leased lands advertised as well as sold lands?

Mr. WORCESTER. Leased lands are advertised as well as sold lands. I have already submitted evidence here showing that this particular transaction was advertised weekly for six weeks in two papers, one printed in the English language and one printed in the Spanish language in the city of Manila; was advertised on the bulletin board of the bureau of lands; was advertised on the land itself; and was advertised in a neighboring municipality to which the land at that time was supposed to appertain. Questions put in such form involve an apparent effort to make me state something that is not true. It is asked why leased lands are not advertised as well as sold lands; the answer is that they are.

Mr. HAMILTON. This supplemental question is suggested: When these leases are advertised why is not provision made for competitive bidding?

Mr. WORCESTER. I am one of those unfortunate officials who simply administers the law instead of being empowered to enact laws myself; that is the answer to that question. We do what the law provides. Why a law which was submitted to Congress and was subject to its approval was not put in other form I really can not say; I suppose if Congress had deemed it necessary or desirable to include such a provision it would have done so.

Mr. HAMILTON. If, as you say, on page 351, Filipinos outside of cities have a disposition to have and cultivate lands, why did you not give to the Filipinos the same opportunities and under the same conditions as you gave them to Carpenter and Worcester?

Mr. WORCESTER. I do not know what you are talking about. The opportunities given to Worcester are the opportunities given by law and entirely similar opportunities are open to every inhabitant of

the Philippine Islands, whether he be an American or a Filipino. We did give entirely similar opportunities to Filipinos on the Tala estate, or offered them to them, as far as acquiring land there was concerned, in the matter of rental and other conditions, and they refused to accept them. We did not offer just such a group of conditions as those contained in the original contract with Mr. Carpenter to any particular Filipino simply for the reason that we knew of no Filipino who would be likely to accept them. We did, however, offer very similar conditions to Señor Dancel, a Filipino on another estate, and he accepted them. We should be more than pleased to offer them to any Filipino who would take them, in connection with any of the unoccupied lands remaining on the friar estates.

Mr. HAMILTON. And this refers to the question of police protection and to roads as well as to every other matter?

Mr. WORCESTER. I have already testified to the policy of the Government as regards police protection and roads; that it is a fixed policy on the part of the Insular Government. The provision in the Carpenter lease amounts, in practice, to a promise on the part of the director of lands that he will do what he can to see that that policy continues. I would be very glad to include that condition in any other lease.

Mr. HAMILTON. Why should Filipino tenants refuse to lease at 6 cents gold per hectare, with obligation to cultivate, but lease at a higher price without obligation to cultivate unless they desired to speculate, and where would the profit come in on speculating in a lease?

Mr. WORCESTER. I am now requested to delve into the mind of a Filipino tenant and inform Mr. Ralston what is there! We have already expressed our opinions on that subject repeatedly, but I express mine once more. The reason why a Filipino does not like that form of lease is that the requirement relative to cultivation is in reality burdensome; he does not like to feel that responsibility on him; he is afraid he will lose his cattle and not be able to fulfill the conditions or that something of that sort will happen; anyhow he does not like it; I can not state his reasons for liking it more fully. That he does not like it has been demonstrated by our repeatedly offering it without getting takers.

Mr. HAMILTON. How much of the loan fund has been advanced to tenants at Tala?

Mr. WORCESTER. I could not give that information offhand; I will secure it from Capt. Sleeper and cause it to be entered in the evidence. I think it is already in the testimony.

Mr. HAMILTON. How long were advertisements of sales of land at Bagnio given in the Manila papers, and in what papers and how often were the advertisements published?

Mr. WORCESTER. I can not furnish that information offhand; I will supply it.

Mr. HAMILTON. Was there an upset price on the lands at Baguio sold at auction?

Mr. WORCESTER. I do not know what is meant by "upset" price.

Mr. HAMILTON. It means the reserved price, it is suggested.

Mr. WORCESTER. The measures relative to the sale of those lands were as follows: The lands were first assessed under existing provisions of law; the question as to whether they shall or shall not be

assessed is determined by the director of lands and myself; we held that they should be; they were assessed; they were afterwards offered at public auction, after due advertisement. The law further provides that when they have been assessed they may be sold at public auction at not less than two-thirds of their assessed value, and in the event that they are not sold at public auction after they have been offered three times they may be sold privately at not less than their full assessed value.

Mr. HAMILTON. The next question is: Did Secretary Worcester or Mr. Forbes pay for their land any more than the upset price? If not, what reason have you for thinking that there was any bidding at the auction?

Mr. WORCESTER. Secretary Worcester at the outset bid the full assessed value of his land, although he could unquestionably have bought it for two-thirds of its value, that being the price at which most of the lands were actually purchased at that auction. The number of lots was large; there was comparatively little competition between buyers, and the large majority of the buyers, I should say from my recollection, and I was present at the sale, offered two-thirds of the assessed value and got the land. However, in view of the fact that I was an official of the Philippine Government, I thought it would be better for me to offer the full assessed value, and I did so and got the land at that rate, thereby paying a third more than I need have paid, and my recollection is that Mr. Forbes did the same thing. He, perhaps, paid even more than that; but I am sure that he paid at least the full assessed value. My reason for thinking there was bidding at the auction is that I was present and heard it.

The CHAIRMAN. Were these friar lands?

Mr. WORCESTER. No, sir; they were public lands. The Baguio lands were sold under the provisions of Chapter V of the public-land act relative to town sites. A town site had been reserved there. The law provides how town lots may be disposed of, and those lots were disposed of in strict accordance with the provisions of law.

Mr. HAMILTON. Why should Secretary Worcester have bought 15 acres and Gov. Forbes bought 10 acres except for speculating purposes?

Mr. WORCESTER. Well, the answer to that question is, first, that Secretary Worcester did not buy 15 acres. If these gentlemen would only take the pains to refer to the records they would at least avoid the appearance of trying to make us say what is not true. My holdings are approximately 10 acres, if my memory is good. I bought 10 acres because I wanted 10 acres in my lot.

Mr. HAMILTON. Let me suggest that it is now stated to me that these figures should be reversed, that the question should read in this way: Why should Secretary Worcester have bought 10 acres and Gov. Forbes have bought 15 acres, except for speculating purposes?

Mr. WORCESTER. Very well, without admitting or denying the correctness of the figures now given for Mr. Forbes's lot, and which I have not verified, I am just as much prepared to believe that they are wrong for him as that they were for me, because the figures which are included in the questions and statements of these people have proved so utterly unreliable, I will refer to my own transaction. I bought an ordinary house lot with a spring on it from which I could obtain a water sup-

ply, with room enough to have my stable a short distance away from the house so that I might not be troubled by flies, and with additional land enough to insure me against unpleasant neighbors. I venture to say that in my whole lot there are not to exceed three or four acres of reasonably level land. A large part of it is in the form of almost perpendicular hillsides. Indeed, one of my Filipino friends, when I purchased the place, suggested that he would not think of living there, because he would be afraid his children would fall over the "precipices" and get hurt; I have no precipices on my land, but I may say that I bought those hillsides largely because in surveying the lot they saw fit to include them and make me pay for them in order to get what I wanted. I have a house lot only, which is not susceptible of use for any other purpose. Every level site in it is occupied by buildings which I have placed on it. I bought it to live on; not as a speculation.

Mr. HAMILTON. I am requested to refer you to part 5, page 463, where the exact area——

The CHAIRMAN. It seems to me this is taking up time unnecessarily; he has testified it is 10 acres, the record shows it is 10 acres, and I think we can take it for granted it is 10 acres.

Mr. WORCESTER. I think it would be better for that gentleman himself to refer to such figures before putting his question. I do not need to do so because I know what land I have.

Mr. HAMILTON. The next question is: Who has control of the public moneys expended for improvements at Baguio, and how much of such public moneys have been expended therefor?

Mr. WORCESTER. The person having control of the expenditure of public moneys at Baguio is the secretary of commerce and police, under whose jurisdiction comes the bureau of public works. I can not state off hand the exact amount that has been received from the sale of lots, because, in accordance with the provisions of law, the commission passed a resolution providing that the moneys derived from the sale of lots should be expended within the Baguio town site on public improvements. The amount received from the Baguio lots, I think, has already been incorporated in the testimony, and as to the amount which has been or will be expended it will be found by referring to the proper page of the testimony and reading the total.

Mr. HAMILTON. The next question is: How much has been expended for construction of Government buildings at Baguio?

Mr. WORCESTER. I do not know. My department has nothing to do with the construction of public buildings in any way, shape, or manner.

Mr. HAMILTON. How much of these expenditures had been made or were in contemplation when Secretary Worcester and Mr. Forbes purchased?

Mr. WORCESTER. I have already stated that everything derived from the sale of lots was, under the resolution of the commission, to be expended on public improvements within the town site. So far as the construction of public buildings was concerned, no policy whatever had then been decided upon. Indeed no policy was decided upon prior to the time the money was made available.

Mr. HAMILTON. What is the distance of Baguio from Manila?

Mr. WORCESTER. About 160 miles, as the railroad and automobile roads run.

Mr. HAMILTON. How much money has been expended on making a road to Baguio?

Mr. WORCESTER. I do not know.

The CHAIRMAN. Those questions have no relation to the administration of the land department of the Philippine Government, so far as I see.

Mr. WORCESTER. As to any action of the Department of the Interior, I am perfectly willing to answer any questions that are asked, but it seems to me rather remarkable that the attorney of the Anti-Imperialist League of Boston, should be allowed to examine me on "the state of the nation" out there; that seems to me in substance, what he is doing by questions of this sort.

The CHAIRMAN. So far as the questions seem to have any relation to the subject-matter of the inquiry, they may be propounded.

Mr. HAMILTON. Who set the price upon the lands offered for sale at Baguio?

Mr. WORCESTER. The assessment committee fixed the price. My recollection is that the action of the director of lands and secretary of the interior is necessary in approving their findings; the actual price was, of course, the cash paid on the sale of the lands. I have not really correctly answered that question. The assessed value of the lands was fixed by the committee, subject to my approval. The actual price was determined by what bidders saw fit to pay, but could not be less than two-thirds of the assessed value. At the outset there was comparatively little really competitive bidding; later, at subsequent sales, the bidding became more sharp.

Mr. HAMILTON. Who constitute the Benget Commercial Co., and did they purchase at the upset price or at a competitive auction?

Mr. WORCESTER. I do not understand those words "upset price." The Benget Commercial Co. is generally supposed to be, in effect, a branch of Messrs. Smith, Bell & Co., an English firm, of Manila. I do not know the details of its organization or the persons who are interested in it; that is to say, I do not know all of the persons who are interested in it. Under the law only two business lots or two residence lots can be purchased from the Government by any one bidder without special approval from the secretary of the interior. It is, of course, true that after lots have been sold to individuals they are transferred as the individuals see fit to transfer them.

Mr. HAMILTON. I would like to ask a question here on my own account. Are these lots of uniform size?

Mr. WORCESTER. No, sir. We have somewhat more than 10 square miles in the Baguio town-site reservation; it is rolling country, some of it so steep as to be unavailable. The usual practice is, if a man buys a hilltop, to make him buy the whole hill; the sides of the hill would be worthless to anyone else. The Jesuits, for instance, wished to put an observatory and rest house on the top of Mount Mirador. Mount Mirador is a very stony mountain, absolutely unsuited for agriculture or anything else, and in order to get the site they wanted they had to buy the whole hill. In getting my lot I had to buy practically the whole hill on which it is situated. The lots conform, as a rule, to the natural character of the ground; some of them are quite irregular. Mr. Burnham, the great landscape architect, prepared a plan for the development of Baguio, and in the business section I think the lots are laid out with regularity. Capt.

Sleeper reminds me of a transfer of lots which has been made with the Benget Commercial Co., to which, possibly, this question refers. The Benget Commercial Co. originally owned a considerable amount of land in the town site, which it had purchased from the original owners. Our street lines, and so on, ran directly through that land, and subsequently we made an adjustment with them by which we exchanged certain lots for land which they gave us for street purposes.

Mr. GARRETT. On pages 463, 464, and 465, in the fifth column, it says "Price per square meter;" that is, on page 463. Now, on page 464, in that same column, it says "Price per square mile." The same thing is true on page 465.

Mr. WORCESTER. That is a very ridiculous typographical error.

Mr. GARRETT. That ought to be "Price per square meter?"

Mr. WORCESTER. Yes, sir.

Mr. GARRETT. That is, on pages 464, 465, and 466, in that column, the price should be per square meter?

Mr. WORCESTER. There is no lot in Baguio which has anything like a square mile in it, and our prices are never made by the square mile; that should be square meter in every case; that is a printer's error.

Mr. HAMILTON. The next question is, was it known before the lands were offered for sale that Secretary Worcester and Gov. Forbes intended to become purchasers?

Mr. WORCESTER. It was known for fully five years that I intended to bid for the lot which I afterwards occupied; I do not know whether it was known that Mr. Forbes intended to do so or not. The fact is we have an infinity of building sites in Baguio, and no two persons are agreed upon the best site; I think I have the best site, Mr. Forbes thinks his is the best one in Baguio, and Mr. Whitmarsh thinks his is the best one. It is one of those fortunate places where there is an almost unlimited amount of land to pick from and where a great variety of different sites can be found, so that everybody is satisfied without interfering with anyone else.

Mr. HAMILTON. What is the present value of their holdings, and have any part of them been offered for sale?

Mr. WORCESTER. What is their present value?

Mr. HAMILTON. Yes, sir.

Mr. WORCESTER. No part of my holding has been offered for sale, nor do I desire to sell any part of it. I think I may speak without hesitation for Gov. Forbes, in saying that no part of his holding has been offered for sale. I really do not know what the present value of either would be considered to be.

The CHAIRMAN. You have put buildings on your lot?

Mr. WORCESTER. Yes, sir; I have erected a house, a woodshed, a stable, a caretaker's house, a punkhouse, and a water tank.

The CHAIRMAN. I do not see that this has much to do with the administration of lands.

Mr. HAMILTON. Can you submit to the committee a plan or map of Baguio?

Mr. WORCESTER. Yes, sir; I will do so.

Mr. HAMILTON. Give the names of the officers and members of the Baguio Country Club.

Mr. WORCESTER. I am president of the Baguio Country Club at the present time.

Mr. DOUGLAS. I object to that question.

The CHAIRMAN. We do not care to know the names of the officers of the Baguio Country Club.

Mr. HAMILTON. The next question is, were their lands sold to them at auction? If so, did they pay beyond the upset price?

Mr. WORCESTER. Capt. Sleeper states the land was sold at auction, and I do not doubt his statement is correct.

Mr. HAMILTON. The latter part of the question is, did they pay beyond the upset price?

Mr. WORCESTER. Capt. Sleeper's recollection is that they paid two-thirds of the assessed value, the lowest legal price at which the land could be purchased. It would not be possible to answer that question simply from getting the amount they paid, because we would have to check back and see the amount at which the land was assessed.

Mr. HAMILTON. When and how often was their tract advertised for sale, if at all, in Manila, or other newspapers?

Mr. WORCESTER. We advertised it in precisely the same way as every other tract was advertised, presumably. I can get that information if it is really desired.

Mr. HAMILTON. Why did you permit your assistant director, J. R. Wilson (p. 460), to speculate in public lands, and where was his purchase of 1,000 hectares situated?

Mr. WORCESTER. The first question is designed to make me say something which is not true, apparently. Does it refer to Baguio land?

Mr. HAMILTON. I should say not; it is a general question.

Mr. WORCESTER. This refers to the leasing of land by Mr. Wilson. Will you please repeat the question? He has never purchased 1,000 hectares.

Mr. HAMILTON. Why did you permit your assistant director, J. R. Wilson (p. 460), to speculate in public lands, and where was his purchase of 1,000 hectares situated?

Mr. WORCESTER. I have never permitted my assistant director to speculate in public lands; he has not purchased any such tract, so far as I am aware. He has leased a tract on the coast of Mindanao, about 40 miles north of Zamboanga, as I understand it.

Mr. HAMILTON. Reference is made here to page 460?

Mr. WORCESTER. That will probably clear it up. Mr. Wilson has not even as yet acquired a lease of this tract of land, and the lease, if acquired, could not be transferred without the approval of the director of lands and the secretary of the interior. Furthermore, Mr. Wilson has planted coconuts on that land, and there is not the slightest evidence that he thinks of speculating, nor has he ever asked to be allowed to do so, or been permitted to do so.

Mr. HAMILTON. The further question is suggested as to whether or not he is in possession of the tract.

Mr. WORCESTER. He is not in possession of it in the sense that he lives on it personally; he is in possession in the sense that he is planting coconuts on it.

Mr. HAMILTON. State the circumstances of his purchase (p. 464) of tract in Baguio.

Mr. WORCESTER. He purchased it like anybody else at public auction; the only way he could get it, unless it had been offered for sale

three times at auction without our being able to sell it. He could then buy it at private sale at a third more than he could have bought it for at public auction, which would be foolish.

Mr. HAMILTON. What right had the solicitor general, George Harvey (p. 461), to speculate in public lands, as president of the Siasi Plantation Co.?

Mr. WORCESTER. As far as I know George Harvey has never speculated in public lands; if he desired to do so, he would have the same right that any other Philippine resident, any other American citizen residing in the Philippines, would have; they can take advantage of such opportunities as the law authorizes to speculate in public lands, but nothing could be more absurd than to take up for speculation public agricultural lands in the sense of buying them and holding them for a probable opportunity of selling them at an increased value later, for the reason that, as I have already shown, in several of the very large agricultural islands there is only a fraction of 1 per cent of land under cultivation at the present time, and no one is going to pay a fancy price for land from a private individual when he can buy the best agricultural public lands at \$2 an acre.

The CHAIRMAN. From the Government?

Mr. WORCESTER. From the Government.

Mr. HAMILTON. Did you approve of the leases to Wilson and to the plantation company?

Mr. WORCESTER. I have signed, first and last, more than 100,000 leases, and various other duly authorized persons have signed leases for me during my absence. As a rule, I can not state in a specific instance whether I approved a lease or not, without first referring to the record. If I did not approve these leases, it was because I was absent. I would have approved them if I had been there. Capt. Sleeper calls my attention to the fact that as yet Mr. Wilson has no lease, so that in his case no one has approved one.

Mr. HAMILTON. When did the Benguet Commercial Co. get title to its land?

Mr. WORCESTER. You mean the original title?

Mr. HAMILTON. Yes, sir.

Mr. WORCESTER. I can not say, but I think long before the public-land act was in force. It made the purchase from private owners.

The CHAIRMAN. That is all, Mr. Worcester, for the present.

TESTIMONY OF IGNACIO VILLAMOR.

(The witness was sworn by the chairman.)

Mr. VILLAMOR. Mr. Chairman, I would like to make my statement through an interpreter, because it is easier for me to express myself in Spanish than in English.

The CHAIRMAN. Certainly.

(Mr. Frank L. Joannini interpreted for the witness.)

The CHAIRMAN. Will you give your full name to the stenographer?

Mr. VILLAMOR. Ignacio Villamor.

The CHAIRMAN. Where do you reside?

Mr. VILLAMOR. In the Philippine Islands.

Mr. JONES. May I ask what this witness is supposed to testify to?

The CHAIRMAN. I do not know what he will testify to. He is the attorney general of the Philippine Islands and gave an opinion in

this matter and had something to do with the sale of this land, as I understand it.

Mr. JONES. I understand that he is the attorney general of the Philippine Islands and that he rendered an opinion as to the act under which these islands are supposed to have been sold, but I do not imagine that we want to examine him as an expert on the subject of the law. His opinion speaks for itself, and if that is the only purpose for which he is going to be examined, I think it is improper that he should testify.

Mr. HAMILTON. I would suggest that there may be some facts developed.

Mr. JONES. We are charged with investigating certain facts, and unless he can testify to those facts, I do not see what object there is in having him testify.

The CHAIRMAN. We are also charged with investigating the law.

Mr. JONES. So we are, Mr. Chairman, but we are not supposed to examine lawyers as experts on the subject of the law to enable us to arrive at a conclusion as to what the law is. If that is the purpose for which this witness is to be examined, I want to enter my protest against it.

The CHAIRMAN. Do you protest against the examination of any particular witness?

Mr. JONES. Any witness who is examined for the purpose of interpreting the law—construing the law.

The CHAIRMAN. But when a question of that kind is asked—

Mr. JONES. His opinion is in the record and it speaks for itself.

The CHAIRMAN. When a question is asked and any member desires to object to that question, of course, it will be very proper to do so.

You reside in the Philippine Islands?

Mr. VILLAMOR. Yes, sir.

The CHAIRMAN. Whereabouts in the Philippine Islands?

Mr. VILLAMOR. In Manila.

The CHAIRMAN. How long have you lived in the Philippine Islands?

Mr. VILLAMOR. In Manila, almost 25 years.

The CHAIRMAN. Were you born in the Philippines?

Mr. VILLAMOR. Yes, sir. The remainder of my lifetime was spent in Abra, subprovince of Ilocos Sur.

The CHAIRMAN. What official position, if any, do you hold in the Philippine Government?

Mr. VILLAMOR. I am the attorney general of the Philippine Islands.

The CHAIRMAN. How long have you held that position?

Mr. VILLAMOR. Since July 1, 1908.

The CHAIRMAN. By whom were you appointed?

Mr. VILLAMOR. By Gov. Smith.

The CHAIRMAN. The attorney general of the Philippines is appointed by the Governor?

Mr. VILLAMOR. Yes, sir. I was appointed by former Gov. Smith.

The CHAIRMAN. Are you familiar with the sale of the San Jose estate to Mr. Poole?

Mr. VILLAMOR. I know nothing about it except the facts which were submitted to secure the opinion of the attorney general.

The CHAIRMAN. What facts were submitted?

Mr. VILLAMOR. The facts as set forth in the communication from the director of public lands in asking for the opinion.

The CHAIRMAN. Have you that communication?

Mr. VILLAMOR. I have a copy of it.

The CHAIRMAN. Let me see it. [After examining communication.] Without objection, this may be inserted in the record at this point, unless some member of the committee desires to have it read.

(The communication referred to by the chairman follows:)

OCTOBER 12, 1909.

The ATTORNEY GENERAL, *Manila*.

SIR: I have the honor to request your opinion on the following question:

Has the director of lands authority to sell to an individual, or an individual to purchase from the Government, vacant and unoccupied lands constituting a portion of the friar-lands purchase, without a restriction as to area?

This question arises from an inquiry which was made in the United States as to the purchase of the San Jose de Mindoro estate by an individual, and it is understood that at the Bureau of Insular Affairs an opinion was offered that an individual could not purchase more than 16 hectares of unoccupied friar lands. The opinion of this office has been as follows:

For the determination of this question it is first necessary to determine whether the so-called friar lands are "public lands" within the meaning of the public-land act, and so subject to the restriction that not more than 16 hectares of unoccupied and unreserved public land can be acquired by purchase from the Government by an individual.

Section 10 of the public-land act, referring to sales of the public domain, restricts the operation of the public-land act, as regulating sales of the public domain to "unoccupied, unappropriated, and unreserved, nonmineral, agricultural public land, as defined in the act of Congress of July 1, 1902."

The definition referred to, contained in the act of Congress of July 1, 1902, is found in section 12 thereof as follows:

"All property and rights which may have been acquired in the Philippine Islands by the United States under the treaty of peace with Spain signed December 10, 1898, except such land or other property as shall be designated by the President of the United States for military and other reservations of the Government of the United States, are hereby placed under the control of the Government of said islands, to be administered for the benefit of the inhabitants thereof except as provided in this act."

At the date of the signing of the treaty of Paris the so-called friar lands were of private ownership and the Government acquired no property or rights in them (except those of eminent domain, which it exercises over all property of private ownership). Subsequently the Government, under special authority of Congress, acquired these lands by purchase from their then owners, and except for any restrictions imposed by Congress or by legislation subsequently enacted by the Philippine Commission or the legislature it is as free to dispose of them as would be any private purchaser from the former owners.

The restrictions imposed by Congress in this respect are contained in section 65 of said act of July 1, 1902, and are as follows:

"SEC. 65. That all lands acquired by virtue of the preceding section shall constitute a part and portion of the public property of the Government of the Philippine Islands, and may be held, sold, and conveyed, or leased temporarily for a period not exceeding three years after their acquisition by said Government on such terms and conditions as it may prescribe, subject to the limitations and conditions provided for in this act: *Provided*, That all deferred payments and the interest thereon shall be payable in the money prescribed for the payment of principal and interest of the bonds authorized to be issued in payment of said lands by the preceding section, and said deferred payments shall bear interest at the rate borne by the bonds. All moneys realized or received from sale or other disposition of said lands or by reason thereof shall constitute a trust fund for the payment of principal and interest of said bonds, and also constitute a sinking fund for the payment of said bonds at their maturity. Actual settlers and occupants at the time said lands are acquired by the Government shall have the preference over all others to lease, purchase, or acquire their holdings within such reasonable time as may be determined by said Government."

"Shall constitute a part and portion of the public property of the Government of the Philippine Islands," fixes the status of these lands as coming under article 340 of the civil code as distinguished from lands belonging to the public domain which are included in the classification contained in paragraph 2 of article 339 of the civil code.

Section 65 of the Philippine act, above quoted, expressly authorizes the sale of these lands, subject only to the limitations imposed in the act itself, with the proviso that actual settlers and occupants at the time of purchase shall have the prior right to lease and purchase. This proviso has no application in the present case as the lands under discussion are unoccupied and vacant, and were so at the time of the purchase.

An examination of the Philippine act of July 1, 1902, fails to disclose any restriction as to the amount of vacant friar lands that may be sold to or acquired by an individual, and there is none in existing legislation.

The existing prohibition against a corporation engaged in agriculture owning or controlling more than 1,024 hectares of land is not to be extended by implication to include an individual or even a voluntary association of individuals; it is a piece of what is popularly known as "antitrust" or "anticorporation" legislation, and numerous reasons can be assigned as to why the legislature saw fit to make the prohibition as to corporations and not as to individuals.

It is true that in section 9 of the friar-lands act (No. 1120) the director of lands was directed to proceed in the sale or leasing of vacant friar lands "as provided in Chapter II of the public-land act," but this unquestionably referred to the method to be followed and the steps to be taken in such leasing or selling and not to the restrictions that limited an individual purchaser to 16 hectares. If there were any doubt on this latter point it is of no importance now, as this provision of section 9 of act No. 1120 was repealed by act No. 1847.

I am of the opinion that the director of lands may sell, and an individual purchaser may acquire, vacant and unoccupied friar lands without any restriction as to area.

Inasmuch as there are now several parties considering the purchase of the San Jose de Mindoro estate, it is important that an opinion be rendered as soon as possible on this question.

Very respectfully,

C. H. SLEEPER, *Director of Lands.*

[First indorsement.]

OFFICE OF THE ATTORNEY GENERAL OF THE PHILIPPINE ISLANDS,
MANILA, October 18, 1909.

Respectfully returned to the director of lands inviting attention to the inclosed opinion.

IGNACIO VILLAMOR, *Attorney General.*

A true copy.

A. B. BURKHOLDER,
Chief Clerk, Bureau of Justice.

The CHAIRMAN. In what manner was this submitted to you or how did it come to you?

Mr. VILLAMOR. It was an official communication from the director of public lands sent to the office of the attorney general. The copy is authenticated by the clerk of the attorney general's office.

The CHAIRMAN. How did the original reach you. By whom was the original delivered to you?

Mr. VILLAMOR. It reached the office through the ordinary channels as all other communications do.

The CHAIRMAN. How is that?

Mr. VILLAMOR. The communications are forwarded to the office of the clerk of the attorney general and after having been entered and recorded by him are laid before the attorney general.

The CHAIRMAN. What I want to get at is what person or individual, what human being, delivered this paper to the attorney general or his clerk?

Mr. VILLAMOR. I can not state whether this communication was sent to the office of the clerk by mail or by messenger, but the fact is

that this communication was laid before the attorney general by the clerk of his office.

The CHAIRMAN. It was not handed to you by Mr. Sleeper?

Mr. VILLAMOR. No, sir.

The CHAIRMAN. Did Mr. Sleeper talk to you about it, make any statement to you about it, before or after you received this paper?

Mr. VILLAMOR. No, sir.

The CHAIRMAN. Did Mr. Worcester?

Mr. VILLAMOR. No official of the Government nor any other person.

The CHAIRMAN. Did you know what particular estate was to be sold?

Mr. VILLAMOR. According to the facts set forth in the communication of the director of public lands, they referred to the San Jose estate.

The CHAIRMAN. This communication says in its concluding paragraph:

Inasmuch as there are now several parties considering the purchase of the San Jose de Mindoro estate, it is important that an opinion be rendered as soon as possible on this question.

Do you know who those parties were?

Mr. VILLAMOR. No, sir; I did not know what persons were referred to. The practice pursued in the office of the attorney general of the Philippine Islands is to accept the facts set forth in any communication received or any request for an opinion, without going into the truth or untruth of such facts.

The CHAIRMAN. That may be the practice, but I am not asking you about the truth of the statement. I am asking if you knew who the parties were who were considering the purchase of the estate?

Mr. VILLAMOR. No, sir.

The CHAIRMAN. Did any of the parties who were considering the purchase of the estate or who were interested therein call upon you with reference to the matter?

Mr. VILLAMOR. No, sir.

The CHAIRMAN. Did you have any communication from any of them?

Mr. VILLAMOR. No communication but the communication from the director of public lands.

The CHAIRMAN. Did you know Mr. Poole?

Mr. VILLAMOR. By name only.

The CHAIRMAN. You never met him?

Mr. VILLAMOR. Never.

The CHAIRMAN. Or had any communication from him?

Mr. VILLAMOR. Never.

The CHAIRMAN. Do you know Mr. Strong.

Mr. VILLAMOR. No, sir.

The CHAIRMAN. Did you have any communication from him?

Mr. VILLAMOR. No, sir.

The CHAIRMAN. Or Mr. Hammond?

Mr. VILLAMOR. No, sir.

The CHAIRMAN. Did you have any communication or correspondence with Mr. Bruce in reference to this matter?

Mr. VILLAMOR. No, sir.

The CHAIRMAN. Or Mr. Prentiss?

Mr. VILLAMOR. No, sir.

The CHAIRMAN. Did you communicate with any official of the Government of the United States with reference to this matter before you gave an opinion?

Mr. VILLAMOR. No, sir.

The CHAIRMAN. Or have any communication from any official of the United States with reference to the matter?

Mr. VILLAMOR. No, sir.

The CHAIRMAN. In what manner did you make reply to this communication of October 12, 1909, from Mr. Sleeper, the director of lands?

Mr. VILLAMOR. The answer consists of the opinion which appears in the report of the secretary of the interior, dated October 18, 1909.

The CHAIRMAN. Have you a copy of that opinion?

Mr. VILLAMOR. Yes, sir.

The CHAIRMAN. That may be incorporated in the record at this point.

(The opinion referred to follows:)

MANILA, October 18, 1909.

SIR: In compliance with your request of the 12th instant, I have the honor to render an opinion upon the following question:

Has the director of lands authority to sell to an individual, or an individual to purchase from the Government, vacant and unoccupied lands constituting a portion of the friar-lands purchase without a restriction as to area?

It appears from your communication that this question has arisen from an inquiry that was made in the United States as to the purchase of the San Jose de Mindoro estate by an individual, and you say it is understood that an opinion was offered at the Bureau of Insular Affairs that an individual could not purchase more than 16 hectares of unoccupied friar lands. As I can not agree with that opinion, I shall state at some length the grounds upon which my conclusion is based.

The question submitted seems to involve a determination of whether or not the so-called friar lands, in making sales thereof, are to be treated as public lands, so as to make applicable thereto the restrictions of the public-land act as to the area which may be sold to an individual.

The purchase of the properties known as the friar lands was authorized by Congress in sections 63, 64, and 65 of the act of July 1, 1902, known as the Philippine bill. The Congress of the United States, after providing in section 63 of said act that the Government might acquire, receive, hold, maintain, and convey title to real and personal property, subject to the limitations and conditions prescribed in said act, and after providing in section 64 for the purchase of the so-called friar lands, further provided in section 65 as follows:

"That all lands acquired by virtue of the preceding section shall constitute a part and portion of the public property of the Government of the Philippine Islands, and may be held, sold, and conveyed, or leased temporarily for a period not exceeding three years after their acquisition by said Government on such terms and conditions as it may prescribe, subject to the limitations and conditions provided for in this act: *Provided*, That all deferred payments and the interest thereon shall be payable in the money prescribed for the payment of principal and interest of the bonds authorized to be issued in payment of said lands by the preceding section and said deferred payments shall bear interest at the rate borne by the bonds. All moneys realized or received from sales or other disposition of said lands or by reason thereof shall constitute a trust fund for the payment of principal and interest of said bonds, and also constitute a sinking fund for the payment of said bonds at their maturity. Actual settlers and occupants at the time said lands are acquired by the Government shall have the preference over all others to lease, purchase, or acquire their holdings within such reasonable time as may be determined by said Government."

It will be observed that said section 65 provides "that all lands acquired by virtue of the preceding section shall constitute a part and portion of the public property of the Government of the Philippine Islands;" we must first ascertain whether these so-called friar lands as public property of the Government

of the Philippine Islands are to be considered "public lands" in the sense in which those words are used in the public-land act.

Section 12 of said act of Congress of July 1, 1902, known as the Philippine bill, provides as follows:

"That all the property and rights which may have been acquired in the Philippine Islands by the United States under the treaty of peace with Spain, signed on December tenth, eighteen hundred and ninety-eight, except such land or other property as shall be designated by the President of the United States for military and other reservations of the Government of the United States, are hereby placed under the control of the Government of said islands, to be administered for the benefit of the inhabitants thereof, except as provided in this act."

After providing in said section 12 of the Philippine bill for the administration by the Government of the Philippine Islands of the property and rights which were acquired in the Philippine Islands by the United States under the treaty of peace with Spain, with the exception stated, the Congress of the United States provided in section 13 as follows:

"That the Government of the Philippine Islands, subject to the provisions of this act and except as herein provided, shall classify according to its agricultural character and productiveness, and shall immediately make rules and regulations for the lease, sale, or other disposition of the public lands other than timber or mineral lands, but such rules and regulations shall not go into effect or have the force of law until they have received the approval of the President, and when approved by the President they shall be submitted by him to Congress at the beginning of the next ensuing session thereof, and unless disapproved or amended by Congress at said session they shall at the close of such period have the force and effect of law in the Philippine Islands: *Provided*, That a single homestead entry shall not exceed 16 hectares in extent."

It should be noted that these provisions of the act of Congress relate to public lands acquired in the Philippine Islands by the United States under the treaty of peace with Spain. Under said authority conferred by Congress, the Government of the Philippine Islands administers the public lands of the United States in the Philippine Islands for the benefit of the inhabitants of these islands, and, pursuant thereto, the Philippine Commission passed act No. 926, entitled, as amended by act No. 979:

"An act prescribing rules and regulations governing the homesteading, selling, and leasing of portions of the public domain of the Philippine Islands, prescribing terms and conditions to enable persons to perfect their titles to public lands in said islands, providing for the issuance of patents without compensation to certain native settlers upon the public lands, providing for the establishment of town sites and sale of lots therein, and providing for a hearing and decision by the court of land registration of all applications for the completion and confirmation of all imperfect and incomplete Spanish concessions and grants in said islands, as authorized by sections thirteen, fourteen, and fifteen of the act of Congress of July first, nineteen hundred and two, entitled 'An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes.'"

Sections 12 and 13 of said act of Congress, above quoted, relate only to "property and rights which may have been acquired in the Philippine Islands by the United States under the treaty of peace with Spain;" while under the provisions of section 65 of the same act, the friar lands, when acquired, became a portion of the public property of the government of the Philippine Islands; so that said lands could not have been considered in the enactment of sections 12 and 13 of the Philippine bill, nor in the passage of the public-land act.

In chapter II of said public-land act, under the heading "Sales of portions of the public domain," it is provided in section 10 that any citizen of the Philippine Islands, or of the United States, or of any insular possession thereof, or any corporation or like association of persons organized under the laws of the Philippine Islands, or any State, Territory, or insular possession thereof, and authorized to transact business in the Philippine Islands, may purchase any tract of unoccupied, unappropriated, and unreserved, nonmineral, agricultural public land in the Philippine Islands, as defined in the act of Congress of July 1, 1902, not to exceed 16 hectares for an individual, or 1,024 hectares for a corporation, or like association, etc.

It will be observed that in said section 13 of the Philippine bill, above quoted, the Congress made provision with reference to the lease, sale, or other disposition of the "public lands" other than timber or mineral lands, and in the heading to said Chapter II of the public-land act the commission used

the term "public domain," and in said section 10, used the term "public land." The term "public land" and the term "public domain" are here used synonymously; in fact, these terms mean the same thing. (*Barker v. Harvey*, 181 U. S., 481, 490, citing *Newhall v. Sanger*, 92 U. S., 761, 763; see also *Bar-don v. U. P. R. Co.*, 145 U. S., 335, 538, and *Mann v. Tacoma Land Co.*, 153 U. S., 273, 284.)

The supreme court of the Philippine Islands, in the case of *Montano v. Insular Government* (12 Phil. Rep., 572), held that "In acts of the Congress of the United States the term 'public lands' is uniformly used to describe so much of the national domain under the legislative power of the Congress as has not been subjected to private right or devoted to public use."

In the course of its decision in said case the Supreme Court, in referring to the former case of *Mapa v. The Insular Government* (10 Phil. Rep., 175), said:

"In the concurring opinion, in order to avoid misapprehension on the part of those not familiar with United States land legislation and a misunderstanding of the reach of the doctrine, it was pointed out that under the decisions of the Supreme Court of the United States the phrase 'public lands' is held to be equivalent to 'public domain,' and does not by any means include all lands of Government ownership, but only so much of said lands as are thrown open to private appropriation and settlement by homestead and other like general laws. Accordingly, 'Government land' and 'public land' are not synonymous terms; the first includes not only the second, but also other lands of the Government already reserved or devoted to public use or subject to private right. In other words, the Government owns real estate which is part of the 'public lands' and other real estate which is not part thereof."

At the time of the ratification of the treaty of peace between the United States and Spain, and long prior thereto, the lands now known as the friar lands were occupied, appropriated, and of private ownership. The government of the Philippine Islands was specially authorized by the Congress to acquire said lands, and accordingly purchased them. The act of Congress provides that the actual settlers and occupants at the time of the acquisition of said lands by the Government shall have the preference over all others to lease, purchase, or acquire their holdings. It is therefore clear that the friar lands, as public property of the Government of the Philippine Islands, are not "public lands" in the sense in which that term is used in the Philippine bill and in the public-land act; and, except as it may be limited by legislation, the Government is as free to sell or otherwise dispose of said lands as would be any purchaser of real estate of private ownership.

With a view to carrying out the powers conferred upon the Philippine Government in said act of Congress, with reference to the acquisition, administration, lease, and sale of the so-called friar lands, the Philippine Commission passed act No. 1120, entitled:

"An act providing for the administration and temporary leasing and sale of certain haciendas and parcels of land, commonly known as friar lands, for the purchase of which the Government of the Philippine Islands has recently contracted, pursuant to the provisions of sections sixty-three, sixty-four, and sixty-five of an act of the Congress of the United States entitled 'An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes,' approved on the first day of July, nineteen hundred and two."

And in the preamble of said act the Philippine Commission said:

"Whereas the said lands are not 'public lands' in the sense in which those words are used in the public-land act, numbered nine hundred and twenty-six, and can not be acquired or leased under the provisions thereof, and it is necessary to provide proper agencies for carrying out the terms of said contracts of purchase and the requirements of said act of Congress with reference to the leasing and selling of said lands and the creation of a sinking fund to secure the payment of the bonds so issued: Now, therefore," etc.

It thus appears that the Philippine Commission itself held that the friar lands are not "public lands" in the legal sense of those words; and the provisions of said act No. 1120, with reference to the sale of the friar lands, are so different from the provisions of the public-land act relating to the sale of portions of the public lands it appears to be unquestionable that the provisions of the public-land act have no application whatever to the sale or other disposition of the friar lands; but we must look to said act of Congress of July 1, 1902, and to said act No. 1120 and its amendments for the provisions of law

relating to the sale or other disposition of said friar lands, and, in the absence of any restrictions in said legislation as to the amount of vacant or unoccupied friar lands which may be sold to or acquired by an individual, it must be held that there are no such restrictions.

In this connection attention is invited to the fact that it was originally provided in section 9 of said act, No. 1120, as follows:

"In the event the chief of the bureau of public lands should find any of the said lands vacant, he is directed to take possession and charge thereof, and he may either lease such unoccupied lands for a term not exceeding three years or offer the same for sale, as in his judgment may seem for the best interests of the Government, and in making such sales he shall proceed as provided in chapter 2 of the public-land act."

Said section 9 was amended by the Philippine Legislature on June 3, 1908, in act No. 1847, to read as follows:

"In the event the director of lands should find any of the said lands vacant, he is directed to take possession and charge thereof, and he may either lease such unoccupied lands for a term not exceeding three years or offer the same for sale, as in his judgment may seem for the best interests of the Government, and in making such sales he shall proceed as provided in section 11 of this act."

Thereafter, on May 20, 1909, in act No. 1933, the Philippine Legislature again amended said section 9 to read as follows:

"In the event the director of lands should find any of said lands vacant, he is directed to take possession and charge thereof, and he may either lease such unoccupied lands for a term not exceeding three years, or sell same, as may be solicited, and in making such leases or such sales he shall proceed as provided in section 11 of this act."

It thus appears that whatever may have been the meaning of the words "as provided in chapter 2 of the public-land act" in said section 9 as originally enacted, these words now have no meaning or application in the lease or sale of the friar lands, but in making such leases or such sales the director of lands shall proceed as provided in section 11 of said friar-lands act.

Said section 11, as amended by acts Nos. 1847 and 1933, is as follows:

"Should any person who is the actual and bona fide settler upon and occupant of any portion of said lands at the time the same is conveyed to the Government of the Philippine Islands desire to purchase the land so occupied by him, he shall be entitled to do so at the actual cost thereof to the Government, and shall be allowed to pay for same in equal annual or semiannual installments: *Provided, however,* That payment by installments shall be in such amounts and at such time that the entire amount of the purchase price, with interest accrued, shall be paid at least one year before the maturity of what are known as the 'friar-land bonds,' issued under the provisions of act Numbered One thousand and thirty-four, that is, on or before February first, nineteen hundred and thirty-three. The terms of purchase shall be agreed upon between the purchaser and the director of lands, subject to the approval of the Secretary of the Interior and all deferred payments on the purchase price shall bear interest at the rate of four per centum per annum.

"In case of lease of vacant lands, as well as in case of sale of some under the provisions of section nine of this act, the director of lands shall notify the municipal president or municipal presidents of the municipality or municipalities in which said lands lie before the same takes place. Upon receipt of such notification by said municipal president or municipal presidents the latter shall publish the same for three consecutive days, by bandillos, in the poblacion and barrio or barrios affected, and shall certify all these acts to the director of lands, who shall then, and not before, proceed to execute the contract of lease or to make the said sale with preference, other conditions being equal, to the purchaser who has been a tenant or bona fide occupant at any time of the said lands or part thereof and if there has been more than one occupant, to the last tenant or occupant: *Provided, however,* That no contract for the lease of and no sale of vacant lands made in accordance with this section shall be valid nor of any effect without the requisite as to publication by bandillos above provided."

It therefore clearly appears that the restrictions of the public-land act with reference to the amount of public land which may be sold to an individual, or to a corporation or like association of persons, are not applicable in the sale of the friar lands; but that the only restrictions with reference to the sale or other disposition of the friar lands are to be found in the act of Congress of July 1, 1902, providing for the purchase of said lands, and in act No. 1120 and its amendments providing for the administration, lease, and sale thereof.

This inquiry relates only to the authority of the director of lands "to sell to an individual or an individual to purchase from the Government vacant and unoccupied lands constituting a portion of the friar-lands purchase without a restriction as to area;" but it may not be amiss to call attention to the provisions of section 75 of the Philippine bill, as follows:

"That no corporation shall be authorized to conduct the business of buying and selling real estate or be permitted to hold or own real estate except such as may be reasonably necessary to enable it to carry out the purpose for which it is created, and every corporation authorized to engage in agriculture shall by its charter be restricted to the ownership and control of not to exceed one thousand and twenty-four hectares of land; and it shall be unlawful for any member of a corporation engaged in agriculture or mining and for any corporation organized for any purpose except irrigation to be in anywise interested in any other corporation engaged in agriculture or in mining. Corporations, however, may loan funds upon real-estate security and purchase real estate when necessary for the collection of loans, but they shall dispose of real estate so obtained within five years after receiving the title. Corporations not organized in the Philippine Islands and doing business therein shall be bound by the provisions of this section so far as they are applicable."

An attention is also invited to the proviso of paragraph 5 of section 13 of act No. 1459, as follows:

"That no corporation shall be authorized to conduct the business of buying and selling real estate or be permitted to hold or own real estate except such as may be reasonably necessary to enable it to carry out the purposes for which it is created, and every corporation authorized to engage in agriculture shall be restricted to the ownership and control of not to exceed one thousand and twenty-four hectares of land; and it shall be unlawful for any member of a corporation engaged in agriculture or mining and for any corporation organized for any purpose except irrigation to be in anywise interested in any other corporation engaged in agriculture or in mining. Corporations, however, may loan funds upon real-estate security and purchase real estate when necessary for the collection of loans, but they shall dispose of real estate so obtained within five years after receiving the title."

In view of all the provisions of law affecting the subject matter of your inquiry, I am of the opinion that there is no provision of law limiting the area of the friar lands which may be sold to an individual or which an individual may acquire from the Government, and that there are no restrictions as to the amount of such lands which may be sold to or be acquired by a corporation, except the provisions of said section 75 of the Philippine bill and paragraph 5 of section 13 of the corporation law, above quoted.

Very respectfully,

GEO. R. HARVEY,
Solicitor General.

The DIRECTOR OF LANDS,
Manila.

Approved:

IGNACIO VILLAMOR,
Attorney General.

The CHAIRMAN. That was your reply giving your opinion, as the attorney general, in answer to the question or questions contained in this interrogatory of Mr. Sleeper's?

Mr. VILLAMOR. Exactly.

The CHAIRMAN. That was your unbiased opinion at the time?

Mr. VILLAMOR. Yes, sir.

The CHAIRMAN. I have not read it and do not care to take the time to read it now. Is it or is it not your opinion at the present time?

Mr. VILLAMOR. Yes, sir; I hold the same opinion now.

The CHAIRMAN. How long have you been practicing law in the Philippine Islands?

Mr. VILLAMOR. I have been practicing law since 1894, although at that time I was not exclusively devoted to the practice of law, inasmuch as I was then director of a secondary school in Manila.

In February, of the year 1901, I was appointed prosecuting attorney for the Province of Pangasinan. I was on the bench as a judge from June, 1901, to 1908, when I was appointed attorney general.

The CHAIRMAN. Judge of what court?

Mr. VILLAMOR. Judge of the court of first instance, sixth judicial district.

The CHAIRMAN. Appointed by whom?

Mr. VILLAMOR. Appointed by Mr Taft, now President of the United States.

Mr. GARRETT. Appointed by President Taft when he was governor of the Philippines?

Mr. VILLAMOR. Yes, sir; by Gov. Taft.

The CHAIRMAN. You were then a practicing lawyer in the Philippines prior to the American occupation?

Mr. VILLAMOR. Yes, sir.

The CHAIRMAN. What were your opportunities for training in the law? What college or law school did you attend?

Mr. VILLAMOR. I studied law in the University of St. Thomas in Manila.

The CHAIRMAN. Are you familiar with the methods by which lands could be obtained by Filipinos or others from the Crown of Spain, meaning now the lands which the United States acquired from Spain by the Treaty of Paris?

Mr. VILLAMOR. Yes, sir; I believe I can still recall at this moment the more important provisions of law on the subject. Prior to the year 1880, the laws relating to the acquisition of lands were contained in the Laws of Indies, Book 4, Title 12. These laws contained a number of provisions relating to the award or distribution of lands to the so-called Indians, or natives and populators of the Philippine Islands. They also contained provisions relating to the allotment of lands for the establishment of towns and so-called community leagues.

Subsequent to 1880 a number of royal decrees were issued in order to facilitate the acquisition of public lands by the natives. In 1884 a royal decree was issued, the particular purpose of which was to facilitate the acquisition of lands which then belonged to the Government, creating therefor the municipal and provincial boards, called "juntas de composicion de terrenos del Estado." In 1889 another decree was issued relating to the acquisition of public lands. This decree contained a provision limiting the acquisition of lands by foreigners. The provision required that such foreigners should be residents of the Philippine Islands. There was also a provision prohibiting all foreign corporations or associations from acquiring public lands. On February 13, 1894, another decree was issued which repealed all prior decrees on the subject. This decree provided that all petitions for the adjustment of lands on which no action had been or on which action was pending were to be considered as canceled unless renewed within a period of six months from the date of the decree. This decree also made a distinction between acquisition of lands for a good consideration and gratuitous acquisition thereof. The lands were granted without consideration at all to all persons who held title thereto by prescription. The right to acquire these lands by prescription was granted to persons who had held them for 12 years and cultivated them during that time. Persons were also

permitted to acquire these lands by prescription who possessed them for 20 years and had had them under cultivation for the last 3 years. Then, finally, persons were permitted to acquire possession of lands by prescription who had held them for 30 years without cultivating them. In other cases the acquisition of land had to be made through a valuable consideration.

The lands were acquired as follows for a valuable consideration: The petitioner would designate the land which he would wish to acquire, and after the land has been surveyed by the officials of the office of the director of public forests it would be assessed. The value was assessed by the provincial board, through the recommendations of the municipal board, and the provincial board in turn made its recommendations to the director general of the civil administration. The latter would call upon the inspector general of forestry for a report and then would fix the value, and the value thus established would remain in force for five years, at least, for all lands situated within the locality. After publication of the notice of sale in the official gazette, and later by means of "bandillos" or town crier, for three consecutive days, the sale at public auction would be held and the land sold to the highest bidder, who, after payment of the necessary amount, received title to the land.

The CHAIRMAN. Can you tell about what it cost per acre or per hectare to acquire land in that way?

Mr. JONES. If you will pardon me, we decided yesterday, in order to curtail this examination as much as possible, that we would confine the examination to the subject-matter of the resolution. Now, this testimony might have some effect or it might be of some use in determining our policy as to the disposition of public lands in the Philippines, but I can not see what bearing it has upon an investigation of the affairs of the Interior Department, and I am going to protest—

Mr. DOUGLAS. Let me call Mr. Jones's attention—

Mr. JONES (continuing). Against this line of examination.

Mr. DOUGLAS. Do you object to the question?

Mr. JONES. Yes, sir; and the answer, because they are not relevant to the question at issue.

Mr. DOUGLAS. I submit that it is not only very interesting but very pertinent.

Mr. JONES. It may be interesting.

Mr. DOUGLAS. He is giving us the facts pertaining to—

Mr. JONES. The Spanish law.

Mr. DOUGLAS. That is very true, but it is very frequently, almost universally, the case that present law has its root in some other law, and therefore it seems to me that it is of great importance for us to ascertain those facts.

Mr. HAMILTON. It occurs to me that the examination might be of value in contrasting the policy under Spanish conditions and the policy pursued now.

Mr. JONES. That is very true, but we are not seeking now to pass upon the policy of the United States.

Mr. HAMILTON. And in ascertaining just how far there has been departure from former conditions.

Mr. JONES. We are not charged with ascertaining how far the Congress of the United States has departed from the policy of Spain

in the distribution of public lands. This is an investigation of a department, as to the administration of the laws, not the policy.

Mr. HAMILTON. The public-lands act still gives the right provided under the old Spanish law, and it is therefore carried into the present method of procedure, and therefore has a bearing on the administration of the public lands.

Mr. JONES. I understand that is Mr. Worcester's idea as suggested to you.

Mr. HAMILTON. It is not only Mr. Worcester's idea, but it is, as a matter of fact.

The CHAIRMAN. I will state that the question was suggested to me in part by questions which were asked by members of the committee of Capt. Sleeper or Mr. Worcester, particularly by Mr. Madison, who went into this subject. I did not know much about it, and I wanted to ascertain, particularly so far as the administration or practice is now to any extent based on the former practice.

Mr. JONES. I understand that it was admitted by the committee that we had gone outside of the scope of this investigation, and that an effort would be made hereafter to confine the questions and testimony to the issue.

The CHAIRMAN. Well, I thought the question had some relation to the issue, but I am willing to withdraw it.

Mr. HAMILTON. Under "Unperfected titles and Spanish grants and concessions," in chapter 6, on page 365 of the hearings, it says:

SEC. 54. The following-described persons or their legal successors in right, occupying public lands in the Philippine Islands, or claiming to own any such lands or an interest therein, but whose titles to such lands have not been perfected, may apply to the court of land registration of the Philippine Islands for confirmation of their claims and the issuance of a certificate of title therefor to wit:

1. All persons who, prior to the transfer of sovereignty from Spain to the United States, had fulfilled all the conditions required by the Spanish laws and royal decrees of the Kingdom of Spain for the purchase of public lands, including the payment of the purchase price, but who failed to secure formal conveyance of title;

2. All persons who, prior to the transfer of sovereignty from Spain to the United States, having applied for the purchase of public lands and having secured a survey, auction, and an award, or a right to an award, of such lands, did not receive title therefor through no fault upon their part;

3. All persons who, prior to the transfer of sovereignty from Spain to the United States, having applied for the purchase of public lands and having secured a survey and award of same, did not, through negligence upon their part, comply with the conditions of full or any payment therefor, but who after such survey and award shall have occupied the land adversely, except as prevented by war or *force majeure*, until the taking effect of this act.

Mr. JONES. Now, will Mr. Hamilton be kind enough to point out how any of the land transactions involved in this investigation are affected by what he has read?

Mr. HAMILTON. I do not know of any land transactions so far considered which are affected by what I have read, but it is apparent that the methods pursued under the old conditions and the law applying under the old conditions is made applicable to conditions as they prevail now. I simply suggest this, as the line of questions which the chairman was propounding might possibly have a bearing in that connection. That was my reason.

Mr. JONES. My judgment is that the whole of this testimony is entirely irrelevant. The chairman suggested that we proceed with

the examination and members could present their objections when questions arose and for that reason I made my objection at that time.

Mr. HAMILTON. I understand that the Chair is inclined to sustain your objection.

Mr. DOUGLAS. I would like to ask one question. The witness has spoken of the last decree and given its date as 1894. I would like to ask whether the provisions of that decree continued until the American occupation?

Mr. VILLAMOR. Yes, sir. Those are the provisions which are referred to in the Philippine act, and the public-land act.

The CHAIRMAN. I will state that I had a good many questions which I desired to ask the witness on somewhat the same lines, but I am not inclined to press them against an objection, because I realize that, in order to ever complete this investigation, the examination must be kept pretty strictly to the subject-matter of the inquiry, and while I think the questions which I have asked and which I was about to ask, bear some relation to it, they are not, perhaps, so direct and pertinent as to lead me to push them. I would like to ask the witness this question. You used the word "foreign," or "foreigner," in your testimony. Did that word used as in the decrees include the citizens of Spain?

Mr. VILLAMOR. No, sir; it did not.

The CHAIRMAN. While you said that no foreigner could acquire lands, the citizens of Spain, or Spanish corporations, could acquire them?

Mr. VILLAMOR. Yes, sir; they could.

The CHAIRMAN. How much land could an individual acquire?

Mr. VILLAMOR. There was no limit at all.

The CHAIRMAN. Or a Spanish corporation?

Mr. VILLAMOR. There was no limit either.

The CHAIRMAN. I will not ask the other question which I contemplated asking along that line. I will take up another line of investigation, unless objected to.

Mr. Villamor, what is your opinion of the wisdom, as a business proposition, of the sale of the San Jose estate?

Mr. VILLAMOR. As a business proposition, I think the Government has done what any administrator should do, in considering some business to be bad business and trying to get out of it as soon as possible. This matter has been rather burdensome on account of the interest which the capital draws.

The CHAIRMAN. Do you mean to say that because of the burden of the interest it would be desirable to get rid of the friar lands and pay off the bonds as soon as possible?

Mr. VILLAMOR. Yes, sir.

Mr. JONES. The witness means that this was a very bad transaction and that we ought to get out of it as soon as possible. That is a reflection on Congress.

The CHAIRMAN. What do you mean by "bad business?" The sale of the San Jose estate or the purchase of the friar lands in the first place?

Mr. VILLAMOR. I refer solely to the San Jose estate.

The CHAIRMAN. Do you mean that the purchase of it was bad business or the sale of it was bad business?

[Interpreter Ioannini explains to committee that the Spanish word "gravoso," used by witness, was erroneously translated by him as bad business," when he should have said "burdensome."]

Mr. VILLAMOR. I consider the administration of the estate by the Government a burdensome matter.

The CHAIRMAN. That is from the fact that it yielded no income, or in what way was it burdensome?

Mr. VILLAMOR. Because it produced no benefit at all, no profit, no income.

The CHAIRMAN. And for that reason you think it was desirable to sell it?

Mr. VILLAMOR. I believe so; yes, sir.

The CHAIRMAN. To what political party do you belong?

Mr. VILLAMOR. I belong to the "Progressista Party," but for a long time I have not taken any active part in politics at all.

The CHAIRMAN. You have been present during these hearings and heard the testimony with reference to the sale of other estates?

Mr. VILLAMOR. I have.

The CHAIRMAN. Would you make the same reply as to the sale of other friar lands?

Mr. VILLAMOR. With reference to the unoccupied friar lands, I would.

The CHAIRMAN. As a general proposition, are you in favor of selling the friar lands as rapidly as possible and paying off the bonds with the proceeds?

Mr. VILLAMOR. I am.

Mr. DOUGLAS. Did I understand you to make a distinction, at least a partial distinction, between the San Jose estate and the others concerning the wisdom of its original purchase?

Mr. VILLAMOR. I referred only to the San Jose estate.

Mr. DOUGLAS. It was to the San Jose estate that I also referred. Do you doubt the wisdom of including the San Jose estate in the original purchase from the friars?

Mr. VILLAMOR. Whether or not it was wise to include the San Jose estate in the purchase of the friar lands is absolutely foreign to the attorney general's office.

Mr. DOUGLAS. I did not ask the question so much of you as attorney general as an intelligent citizen of the Philippine Islands. Let me in that connection also add this: Whether or not you believe that the political policy which actuated the American Government in purchasing the friar lands—to wit, the settlement, so far as possible, of the disputes between the occupiers of these estates and the friars, applied to the San Jose estate—whether it is not true that the San Jose estate had very few occupants upon it, and there was no especial political necessity for purchasing it, but that the friars insisted upon including the estate, and in order to purchase the rest our Government and its officials were compelled to buy that estate also?

Mr. VILLAMOR. According to my understanding, there were very few, if any, occupants of the San Jose estate except the friars themselves; they used this estate for pasture, but, as it appears from the record, they insisted that this estate should be included in the land purchased by the Government, and there was no alternative except for the Government to buy it.

Mr. HAMILTON. Was that true also of the Isabela estate?

Mr. VILLAMOR. I believe so.

Mr. HAMILTON. Was it true as to any other estate which has been discussed here—the Tala estate, for illustration?

Mr. VILLAMOR. I believe so.

Mr. JONES. You stated, in reply to a question by Mr. Douglas, that the friars insisted upon including the San Jose estate in their sale, and that therefore the Government had to buy that estate, although there was no special political reason for doing so. Is it not true that large bodies of valuable lands belonging to the friars were excluded from that sale, notwithstanding that there were political reasons that ought to have operated to have secured their purchase by the Philippine Government?

Mr. VILLAMOR. It is true that on account of the demands of the friars it became necessary for the Government to acquire the San Jose and Isabela estates. It is also a fact that some estates of some value belonging to the friars, such as the estate of San Juan del Monte, have been excluded, but according to my understanding the inclusion of some estates and the exclusion of others may be said to be mostly, on the part of the friars, and in order to put an end to the business there was nothing left to do but for the Government to accede. Naturally it is a political matter, because the Government acquired these estates and failed to acquire others.

Mr. JONES. In addition to the estate which you have mentioned as having been excluded, was not the large and valuable Mandaloyon estate also excluded?

Mr. VILLAMOR. I am not very familiar with the estates of the friars which have been included or excluded. I can only give the reason for the Government having acquired some of the estates and having failed to acquire others, and the reason, as I have stated, was the exigency of the friars.

Mr. JONES. It is true, however, is it not, that the Government did acquire lands from the friars which there were no political reasons why they should acquire and failed to acquire other lands from the friars which did involve political questions because they refused to part with them?

Mr. VILLAMOR. I believe that the Government acquired the friar lands in accordance with the provisions of the Philippine act. It acquired the lands which it thought necessary to acquire and did not take those it considered unnecessary, as authorized by the Philippine act.

Mr. JONES. On the contrary, is it not a fact that the friars refused to part with certain valuable lands and that our Government could not acquire them?

Mr. VILLAMOR. Because the friars desired to retain certain lands and the Government could not compel them to sell the lands.

Mr. JONES. It is true, then, I understand from your testimony, that the friars disposed of the lands to the Philippine Government, which were not at all desirable from a political standpoint that the government should purchase, and refused to dispose of other valuable lands which it would have been equally desirable from a political standpoint for the Philippine Government to have acquired?

Mr. VILLAMOR. My opinion is that the Government in acquiring these friar lands was prompted by a consideration of policy and the peace and tranquillity of the Philippine Islands. If the Government

failed to acquire such other estates from the friars, it was not due to policy or other considerations, but simply because the friars refused to dispose of them.

Mr. JONES. Still, the lands which the friars refused to dispose of were lands which it would have been desirable for the Government to have secured, for the reasons which you say actuated the policy of the Government in purchasing the friar lands?

Mr. VILLAMOR. I do not believe that is so to a great extent, because otherwise the Government would have insisted on acquiring them.

Mr. JONES. It is true, however, that there was no special political reason for the purchase of the San Jose estate, which the friars, according to the statement of Mr. Douglas, insisted should be purchased by the Government, and there were political reasons why the Government should have purchased the Mandaloyon estate, which the friars refused to part with?

Mr. VILLAMOR. As I have said, it was necessary for the Government to take the San Jose estate, because without it it would have been impossible to carry out the purchase of the friar lands. With regard to the estate of Mandaloyon, I do not think the Government attached much importance to it, because it is relatively a small area with relation to that of some others.

I wish also to state that when the Government entered into negotiations for the purchase of the friar lands I had nothing to do with the matter, and hence I am not in a position to be able to testify as to the political or other motives for their purchase.

Mr. JONES. It is your understanding, however, that the friars insisted upon the sale of the San Jose estate, and that the negotiations for the purchase of other lands would have fallen through if the Government had declined to take that estate?

Mr. VILLAMOR. I believe the record will show that.

Mr. JONES. It is also true, is it not, that the Mandaloyon estate lies on the Pasig River, is very near the city of Manila, is exceedingly valuable land, and is not less than 8,000 acres in extent?

Mr. VILLAMOR. It is a fact that it is near Manila and near the Pasig River, but I can say nothing as to its value or area.

Mr. JONES. You did say, however, a few moments ago that it was a small tract?

Mr. VILLAMOR. With relation to the San Jose estate.

Mr. JONES. You mean comparatively speaking?

Mr. VILLAMOR. Yes, sir.

Mr. JONES. It is a fact, is it not, that the friars refused to include that estate in their sale to the Government?

Mr. VILLAMOR. That is my understanding of the matter.

Mr. JONES. It is also true, is it not, that they refused to part with their valuable holdings?

Mr. VILLAMOR. I do not know positively whether any other estates were excluded, but I believe so.

Mr. HAMILTON. Is it true that the Mandaloyon estate was largely occupied?

Mr. VILLAMOR. Yes, sir; and I believe a great part of it is still occupied.

Mr. HAMILTON. And nearly all of the San Jose estate was unoccupied?

Mr. VILLAMOR. So it is said.

Mr. PARSONS. What relation, in your opinion, has idleness and lack of work upon crime in the Philippine Islands?

Mr. VILLAMOR. It has a great influence upon crimes against property, and it is generally said that the crimes of theft and robbery are due to the lack of work on the part of the perpetrators. It is also said by the district attorneys that this lack of work and idleness contribute to the formation of robber bands.

Mr. Chairman, I would request that there be included in the record, as a supplement to my opinion of October 18, 1909, this memorandum, in which I make reply to legal questions which have arisen in this investigation.

The CHAIRMAN. If there is no objection, that may be included.

The memorandum referred to follows:

MEMORANDUM.

A careful examination of the speech delivered by Mr. Martin on the floor of the House, June 13, 1910, in so far as it deals with the legal aspect of the so-called friar-land sales, shows that his whole contention may be concisely stated as follows:

"That the words 'subject to the limitations and conditions prescribed in this act' appearing in sections 63, 64, and 65 of the act of Congress of July 1, 1902, refer to the 16-hectare limitation to an individual and 1,024 hectares to a corporation as provided in section 15 of said act."

A similar question has been decided by the undersigned in an opinion rendered October 18, 1909. In view, however, of the important proportions which the debate on this question has attained, I deem it proper to supplement said opinion with the following statement:

In the opinion above referred to it was held that so-called friar lands may be sold to an individual without limitation as to area, but as regards corporations not more than 1,024 hectares could be sold by virtue and under the provisions of section 75 of the organic act and section 13, paragraph 5, of act No. 1459 of the Philippine Commission.

It has repeatedly been asserted that the limitation contained in section 15 of the Philippine bill, to wit, not more than 16 hectares of public lands to an individual, for homestead purposes, is also applicable to friar lands.

Attention is called to the distinction made in said opinion between lands of the public domain, or lands acquired by the United States under the treaty of Paris, and the lands purchased from the religious orders by the Philippine Government by authority of Congress. The disposition of such lands is subject to certain conditions and limitations expressly provided for each of them, and said conditions and limitations can not indifferently be made applicable to either without annulling the very object of the act of Congress of July 1, 1902.

If the friar lands, after their acquisition by the Philippine Government, had been added to the public lands, as contended in Mr. Storey's opinion in refutation of the one rendered by Attorney General Wickersham, it would be beyond question that the limitations prescribed for public lands would be applicable to friar lands. In my judgment, a perusal of section 65 of said act of Congress leaves no ground for such an assumption.

Congressman Martin (Congressional Record, June 17, 1910, p. 8482) made the statement that—

"The Philippine Commission by the public-land act, passed October 7, 1903, subjected the public lands to the limitations contained in section 15 of the organic act, and by the friar-land act, passed April 26, 1904, subjected the friar lands to the limitations contained in the public-land act. These acts of the commission were merely declaratory of the organic law."

It is unquestionable that the limitation in section 15 of the organic act is embodied in section 10 of the public-land act of the Philippines, but section 9 of the friar-land act applies the restrictions of the public-land act only upon unoccupied friar lands. This limitation of the friar-land act was not provided in compliance with section 15 of the organic act. The Philippine Commission, acting in accordance with the powers thereto vested by section 65 of said organic act, deemed it convenient to impose the same limitation as to area upon the unoccupied friar lands. Section 9 of act 1120 of the Philippine

Commission (the friar-land act) is not merely declaratory of section 15 of the organic act, inasmuch as the public-land act (No. 926), referred to in the friar-land act, contains provisions not included in said section 15, viz, provisions for the survey of the land in continuous legal subdivisions; provisions for the sale by competitive bidding, and fixing the rate of interest at 6 per cent per annum.

It is to be noted that section 9 of act 1120 was amended by act 1847 which abolished said limitation on friar lands, and was further amended by act 1933 of the Philippine Legislature. Both amendatory acts were submitted to the United States Congress, in compliance with section 86 of the organic act, and not having been annulled, it may be reasonably assumed that Congress in conferring authority upon the Philippine Commission to enact said friar-land act, recognized in the Philippine Legislature the power to amend the same.

An examination of the provisions of the Philippine bill which have direct bearing upon the question at issue, shows that in the enactment of provisions relating to the lease, sale, or other disposition of the agricultural public lands of the United States, Congress provided the conditions and limitations under which said lands might be disposed of. In the enactment of provisions for the disposition of the mineral lands, Congress provided the limitations and conditions under which said mineral lands might be disposed of. In the enactment of provisions authorizing the Philippine Government to purchase private lands, then owned and held by religious orders and others, Congress provided the limitations and conditions under which said lands might be acquired by the Philippine Government, and also certain limitations and conditions under which they might be sold, leased, or otherwise disposed of by said Government, and it is not reasonable, logical, or sensible to contend that the limitations and conditions prescribed with reference to public lands of the United States are applicable in the sale or other disposition of the friar lands purchased by the Philippine Government. There is nothing in the act to show that such was the intention of Congress and such a conclusion can only result from the confusion arising from treating the friar lands as public lands of the United States, and ignoring the very clear distinction between public lands of the United States and the friar lands of the Philippine Government.

It will be observed that in section 16 of the organic act it is provided that "the prior right hereby secured to an occupant of (public) land who can show no other proof of title than possession, shall not apply to more than 16 hectares in any one tract." On the other hand, section 65 of the same act provides that "actual settlers and occupants at the time said (friar) lands are acquired by the Government shall have the preference over all others to lease, purchase, or acquire their holdings within such reasonable time as may be determined by said Government." The distinction in the foregoing provisions relating to public and friar lands shows that the limitation of 16 hectares to an individual is not applicable to friar lands.

In authorizing the Philippine Government to acquire by purchase said friar lands, it was clearly the intention of Congress to end the serious agrarian troubles that had arisen between the tenants of said lands and the friars. The solution intended was to sell the lands in such areas as they occupied. Referring to said lands, the Senate report (Mar. 31, 1902) stated:

"The bill provides a method by which the Government can buy these lands from the friars and transfer them on suitable terms to the actual occupants."

How could actual settlers and occupants of large areas be given the preference over all others to lease, purchase, or acquire their holdings if they were to be limited to the small area of 16 hectares?

The Philippine bill was introduced in the Senate January 7, 1902, and reported by the committee March 31. This report states in part (S. Rept. No. 915, 57th Cong., 1st sess.):

"The two sections following these relate to the granting of franchises in the Philippine Islands (secs. 74 and 75). The committee feel that it is of the greatest importance for the proper development of the islands that capital be encouraged to enter the islands, but in order to prevent any improper exploitation which would be to the detriment of the inhabitants these sections are strongly guarded. Ample opportunity is given to capital, but the restrictions are rigid. This portion of the bill was drawn with the greatest care, and it seems to the committee that, as drawn, every public interest is safely guarded, while at the same time due encouragement is given to capital."

The rendering of this committee report was followed by a lively debate in the Senate. Congressman Martin, in support of his conclusion that the clause in

section 65, "subject to the limitations and conditions provided for in this act," refer to the 16-hectare limitation to an individual and 1,024 hectares to a corporation, quotes (Cong. Rec., p. 8497) passages of the debate in the Senate. It will be noted that every one of the speakers discussed franchises to corporations, as provided in the sections referred to in the above quoted report, Nos. 74 and 75, act of Congress of July 1, 1902.

On May 9, 1902, Senator Teller, as quoted by Mr. Martin, spoke of the bill, and said, in part, as follows:

"I want some one to tell me why a corporation should be permitted to take 5,000 acres of land there. If 1 corporation may take 5,000 acres, 10 corporations may each take 5,000 acres."

That the Senator had reference to the franchise provision of the organic act in reference to friar lands may be seen from the following excerpt of Mr. Foraker's speech (Cong. Rec., p. 5290):

"Now, in this bill a provision is made to solve the difficulty we are having on account of these friar lands being tied up in this way, which provision has been criticized by the Senator from Colorado (Mr. Teller)."

Senator Deboe, also quoted by Mr. Martin, on May 16, speaking of the Philippine bill, reported by Mr. Lodge's committee, said:

"It ought to be arranged so as to open up the islands to settlement by the people and guard against too much liberality against corporations."

Senator Beveridge is next cited by Mr. Martin who, in answer to Senator Dubois, on May 23, said (p. 5886):

"He spoke of syndicates taking these lands, and yet the Senator knows that in this bill it is provided that no corporation shall own more than 5,000 acres of land."

Subsequently, on May 27, Senator Patterson also spoke of the franchise provisions of the Philippine bill, stating (p. 5966):

"I call attention to the provision which authorizes the commission to dispose of the public lands in tracts of 5,000 acres."

It will appear from the foregoing that in every single instance the debate was directed against "too much liberality against corporations," and every speaker took up that portion of the bill providing franchises to corporations and the area of land they could acquire under the law. Immediately after the debate, May 29, 1902, Mr. Lodge offered several amendments, one of them, couched in the words "subject to the limitations and conditions prescribed in this act," contained in section 65 of said organic act, having been interpreted to refer to the limitations provided for in section 15 of said act. The interpretation of said limiting clause has become the paramount issue in this controversy.

In this connection, attention is invited to the fact that the clause above quoted was inserted at a time when the bill before the Senate did not contain section 15.

As above noted, the franchise provisions of the organic act were attacked in the Senate, and, therefore, the amendment passed by that body had reference to section 75 of the act prescribing the limitation of 1,024 hectares of land to a corporation, and not to section 15, which applies exclusively to public lands and only became a part of the act under discussion after the Lodge amendment had been approved.

The record shows that the Senate objected to sales of friar lands in great areas to corporations.

In conclusion it is submitted that said limiting clause in section 65 of the organic act could only refer to sections 64, 65, and also to section 75 which prescribes the limitation of area on all corporations in general and not to section 15, which exclusively applies to public lands and to corporations desiring to acquire such lands, and, therefore, the opinion of the undersigned rendered October 18, 1909, hereinbefore mentioned, is in accordance with law.

WASHINGTON, D. C., *January 6, 1911.*

IGNACIO VILLAMOR,
Attorney General for the Philippine Islands.

The CHAIRMAN. You may consider yourself discharged, Mr. Villamor, from further attendance.

TESTIMONY OF MR. RAFAEL DEL-PAN.

(The witness was sworn by the chairman.)

The CHAIRMAN. Where do you reside?

Mr. DEL-PAN. In Manila.

The CHAIRMAN. Are you a native of the Philippine Islands?

Mr. DEL-PAN. I was born in Manila, sir.

The CHAIRMAN. What is your occupation or profession?

Mr. DEL-PAN. I am a lawyer.

The CHAIRMAN. Do you hold any official position in the Philippine Government, and if so, what position?

Mr. DEL-PAN. I am a member of the code committee, having been appointed about a year ago.

The CHAIRMAN. What is the code committee?

Mr. DEL-PAN. It will be better for me to use the interpreter.

(Thereupon, Mr. Frank L. Joannini interpreted for the witness.)

The code commission consists of five lawyers appointed by the Governor General under an act of the Philippine legislature for the purpose of revising, codifying, and harmonizing all legislation in force.

The CHAIRMAN. Did you hold any other position under the Government over there?

Mr. DEL-PAN. In 1904 I was appointed by Gov. Wright as attorney to look into the titles of the friar lands. I was appointed to do this together with my partners, Mr. Ortigas and Mr. Fisher.

The CHAIRMAN. What do you mean, your partners or your colleagues on this commission?

Mr. DEL-PAN. My law partners. But, as a matter of fact, I was personally consulted and did all of the work and assume all of the responsibility for it.

The CHAIRMAN. That investigation was made after the purchase of the friar lands by the Government, was it not?

Mr. DEL-PAN. It was done after the so-called preliminary contract of 1903. Under this preliminary contract Gov. Taft, on behalf of the Philippine Government, agreed in general terms with the communities and associations which held the lands to purchase them, and this preliminary agreement was then subsequently perfected by partial contracts executed in 1904 and 1905, and I made an examination of the titles between the dates of the respective contracts. The purpose of the investigation was to enable the Philippine Government to purchase only such lands to which the friars held good titles and also to see that the areas conformed to the limits set forth in the preliminary contract; and subsequently, by direction of Gov. Wright, I assisted in the surveying of these estates in order to establish the actual metes and bounds of the estates and see whether they were in accordance with the old titles.

The CHAIRMAN. You did, then, investigate the titles; and was it on your report of the titles that these lands were bought?

Mr. DEL-PAN. Yes, sir; I made a report, and afterwards the lands were purchased by the Government. Mr. Chairman, I performed some other work for the Government besides this.

The CHAIRMAN. What was it?

Mr. DEL-PAN. I was also intrusted by the Government with the investigation and decision of all matters which might be submitted

to me by the Bureau of Lands with relation to the boundaries, areas, the rights of occupants of these estates, etc.; I was also charged with the work of preparing the deeds of sale of the lands by the corporations holding them to the Government; I was also directed by the Government to go to these various estates and hold public meetings and tell the people what the purposes of the Government were and what method it meant to adopt to carry out such purposes with relation to the occupation of the lands. I further explained to the people what titles the friars might have or had with reference to these lands, with regard to which there was a great deal of doubt among the public.

The CHAIRMAN. When you speak of preparing the deeds by which these lands were conveyed to the Government by the corporations owning them, what corporations do you refer to?

Mr. DEL-PAN. The Philippine Sugar Estates Development Co., the Manila-British Estates Co., the Compañía Agrícola de Ultramar, and the religious community of Recoletos.

The CHAIRMAN. I do not understand why those corporations were conveying friar lands to the Government. What did they have to do with them?

Mr. DEL-PAN. They appeared as the owners of the lands in the titles, having acquired them from the friars, with the exception of the last-named corporation, which was the original religious corporation that held the San Jose estate.

Mr. JONES. With the exception of that corporation, the friars had conveyed their lands to these other corporations as a protection or safety in order to avoid their escheating, or something of the sort, had they not?

Mr. DEL-PAN. That is a matter of opinion, and I can not say anything about it specifically or under oath. It is the general belief that this was done for the purpose of securing protection against the Spanish Government, which, in the event of any change, might confiscate the lands, and also against the American Government, but I can make no specific statement in this respect because, according to the titles, they appeared to be absolutely legal transactions.

The CHAIRMAN. Then the conveyances by those corporations to the Government were in pursuance of the contracts made by the Government with the friars or the religious orders; is that the fact?

Mr. DEL-PAN. The Government did not treat directly with the friars, except as to the San Jose estate, but with the corporations which possessed the so-called "friar lands." The fact is that the apostolic delegate had a certain intervention in the matter and signed the preliminary contract as one of the witnesses, but the contracts were entered into with the corporations.

Mr. JONES. The negotiations were carried on with the church authorities at Rome, were they not?

Mr. DEL-PAN. Will you permit me to enlarge upon my statement a little, and then answer your questions?

Mr. JONES. Yes.

Mr. DEL-PAN. At my suggestion to the Government, in some of the final sale contracts the friars took part; the friars appeared in these contracts as guarantors or warrantors. This was a precautionary measure which I suggested on account of the large interest involved.

Mr. PARSONS. Did any of them have relation to republican movements in Spain or anticlerical movements?

Mr. DEL-PAN. It is believed so; I can not say so of my own knowledge.

Mr. PARSONS. Did anyone have an interest in these corporations outside of the friars themselves?

Mr. DEL-PAN. Before the conveyance of the lands to these corporations the friars were the only holders of them.

Mr. PARSONS. Well, but who had the beneficial interest in these corporations—who owned the corporations?

Mr. DEL-PAN. That is a question very difficult to answer. According to the titles, these corporations had an existence absolutely apart from the friars, although it was generally believed that the friars held a great deal of their stock.

Mr. PARSONS. But they did not hold all?

Mr. DEL-PAN. That is a matter of opinion; that is guesswork.

Mr. PARSONS. Have there been any legal proceedings in the Philippines to dissolve these corporations and distribute their assets which would show who owned the stock of these corporations?

Mr. DEL-PAN. No, sir. These corporations are still in existence; at least two of them are; and they are doing business and have their offices in the Philippines. With regard to the Manila-British Estates Co., which has its head office in London, I do not know whether it is still in existence or dissolved.

Mr. GARRETT. When was the conveyance made to that particular corporation?

Mr. DEL-PAN. To the British-Manila Estates Co.? In 1900.

Mr. GARRETT. Well, did not the Spanish decree of 1894 prevent any foreign corporation from acquiring title there?

Mr. DEL-PAN. This decree referred to public land. It was 1904 when the conveyance was made by the British-Manila Estates Co. to the Government.

The CHAIRMAN (to Mr. Garrett). I do not know whether you were in at the moment when I asked the question, but when he had used the word "foreign" I learned by inquiry that a Spanish corporation was not considered a foreign corporation.

Mr. GARRETT. That is true, but this was a British corporation.

Mr. DEL-PAN. But in 1904 the decree of 1894 was no longer in force.

Mr. GARRETT. I see. That was after the American occupation. The conveyances that were made by the British corporation were made after the American occupation?

Mr. DEL-PAN. Yes, sir.

Mr. PARSONS. Why, was not that in violation of section 75 of the organic act? I do not want him to take up the time of the committee in looking for that information; he can answer that later on.

Mr. DEL-PAN. The British-Manila Estates Co. was established after the Spanish domination, but the friars conveyed the Imus estate to one Spanish corporation in 1894, during the Spanish times, and the latter corporation conveyed said estate to the former in 1900.

Mr. PARSONS. And not in 1904?

Mr. DEL-PAN. I believe the question was not understood. The estate was sold to a Spanish corporation during the Spanish domina-

tion and there was no law then which forbade a corporation to acquire lands in the Philippines, but what was in existence was a law which prohibited foreign corporations only from acquiring public lands.

The CHAIRMAN. Can you give the dates of the transfers from the friars to these several corporations, and let them be inserted in the record later?

Mr. DEL-PAN. Yes, sir.

The CHAIRMAN. You have stated, I believe, that you have been on these friar estates, or at least most of them?

Mr. DEL-PAN. I was designated by the Governor General not only to see and confer with the tenants, but I also visited the estates later, this being another work which I did in connection with the investigation and record of the titles in the new registry of property under the Torrens system.

The CHAIRMAN. Have you been on the San Jose estate of the Island of Mindoro?

Mr. DEL-PAN. No, sir; I have not been on that estate. In saying I have been on those estates I should correct my answer to the effect that I have been on most of them; I have not been on the San Jose estate.

The CHAIRMAN. Why did you not visit that estate?

Mr. DEL-PAN. For the reason that there was no question to be decided there as to boundaries and limits, and there was no opposition on the part of the occupants, as there were none, and there were no persons to be informed of the purposes of the Government, because the San Jose estate was a desert; that is to say, almost a desert.

The CHAIRMAN. You did not go to confer with the occupants because there were no occupants, is that the reason?

Mr. DEL-PAN. Yes; there were hardly any occupants; there were some of the herders of the Recoletos.

The CHAIRMAN. Explain what you mean by "Recoletos." We all know, but somebody in reading the record might not know.

Mr. DEL-PAN. The Recoletos were the former owners of the Mindoro estate; there they had a cattle farm.

The CHAIRMAN. What is the meaning of the word; what does it mean?

Mr. DEL-PAN. It is a religious community or corporation of Recoletto Fathers; they are also called the "Shod Augustinians." After they had sold the land to the Government they made an agreement with it for their cattle to remain there at so much a head; for this reason they had kept some of their herders there.

The CHAIRMAN. Mr. Del-Pan, I will ask you, as an intelligent and prominent Filipino citizen, your view as to the wisdom or the unwisdom of the sale of the San Jose estate.

Mr. DEL-PAN. As a Filipino, and independent of any legal opinion, I would have liked to have had the Filipinos buy the estate, but as there were no Filipinos to buy it, the best thing to do was to sell it to other people who are not Filipinos, in order to get rid of the burden.

The CHAIRMAN. The burden of the debt, I suppose; the cost of administration?

Mr. DEL-PAN. Of the debt, and the interest upon the debt.

The CHAIRMAN. Do you think there would be any advantage to the Filipinos generally in having the lands of that estate reduced to cultivation?

Mr. DEL-PAN. I do. I always believe it better to have cultivated lands, even though they belong to foreigners, than to have unclaimed uncultivated lands; it is better for the country.

The CHAIRMAN. You think it would be much better for the country generally to have that land cultivated by American ownership than have it lie idle under Filipino ownership?

Mr. DEL-PAN. By cultivating the San Jose estate and making it productive the Filipinos will participate in such production; taxes will be paid to the country, the benefit will be general, and the country would be relieved of a part of the burden contracted in the transaction with the friars.

The CHAIRMAN. Would or would not additional employment be furnished to Filipinos?

Mr. DEL-PAN. Undoubtedly by getting cultivation and exploitation of the Mindoro estate the people would be benefited. And I have received information that wages have already greatly increased in Mindoro.

The CHAIRMAN. Would, in your judgment, the Filipino people generally be satisfied or be willing to be taxed for the purpose of paying off the friar-land bonds and hold these unoccupied friar-land estates than to have them sold and the money applied to the payment of the bonds?

Mr. DEL-PAN. I do not believe I am authorized to speak in the name of the Filipino people or to express the opinion of the country, because I do not represent them officially; but I have no doubt that persons who will stop to think over the matter and of the burden now on the country through the unproductiveness of lands of this character, the payment of the interest on the debt, and so forth, they would be in favor of the sale of wild lands of these friar estates.

The CHAIRMAN. Without taking up the time to ask you separately, would you express the same opinion concerning the unoccupied part of the Tale estate that you have expressed concerning the San Jose estate?

Mr. DEL-PAN. With reference to the unoccupied portion, in which no prejudice would be caused the occupants, I would.

The CHAIRMAN. And the same as to all unoccupied estates?

Mr. DEL-PAN. Yes, sir.

The CHAIRMAN. And unoccupied parts of estates?

Mr. DEL-PAN. Yes, sir.

The CHAIRMAN. Mr. Del-Pan, to what political party do you belong?

Mr. DEL-PAN. To the Nationalist Party.

The CHAIRMAN. Is that the party that is now in supremacy in the islands politically?

Mr. DEL-PAN. Yes, sir. It is very, very much more numerous than the Progresistas.

Mr. HAMILTON. I want to supplement some questions the chairman has put regarding the San Jose estate; it appears that Mr. Del-Pan has not visited that estate, but is familiar, I think, with the

other estates. I want to inquire particularly as to the Tala estate. It appears from your testimony that you visited these estates and are familiar with the conditions. At the time of the sale of the Tala estate to Mr. Carpenter, I want to ask you what the conditions were as to occupancy and the general condition of the estate?

Mr. DEL-PAN. The Tala estate had a large unoccupied area.

Mr. HAMILTON. What is the total area occupied and unoccupied?

Mr. DEL-PAN. I am unable to give the exact figures.

Mr. HAMILTON. After Mr. Carpenter took a lease of the Tala estate was the estate speedily occupied?

Mr. DEL-PAN. No, sir. After, you mean?

Mr. HAMILTON. Yes.

Mr. DEL-PAN. I have not been on the estate since the contract or lease with Mr. Carpenter. I was there before that time.

Mr. HAMILTON. Now, just state to the committee, Mr. Del-Pan, what the general condition of the land was when you saw it; as to whether it is rough or level or productive or unproductive, or what it is fitted for—the Tala estate.

Mr. DEL-PAN. A large part of the estate is still unirrigated and is consequently poor land, and is in addition stony and rough.

Mr. HAMILTON. Is it hilly?

Mr. DEL-PAN. Yes, sir. I can not state exactly what part of the estate, whether it is the part that bounds on the Piedad estate or on the other side, but part is hilly. I did not make my visit to the distant sections of this estate, but only to the parts which were occupied, in order to speak to the tenants, and especially in the towns. I wish to state with regard to the Tala estate that there has been no objection to the purchase. Nor was my work as extensive with regard to the Tala estate as with regard to the San Francisco de Malabon, Santa Rosa, and Calamba estates. In these other provinces there were more indications of unrest at the beginning among the occupants, and it was considered more necessary to go and inform them of the purposes of the Government than in the others.

Mr. HAMILTON. As bearing upon the use of the word "unrest," why was this unrest on some of these estates? Do you refer now to the time of purchase by the Government or to the time of the sale of the estates after the Government had acquired them?

Mr. DEL-PAN. Immediately after their purchase by the Government. The occupants of these estates had occupied them for about seven years without paying anything for the occupation and they feared the time was approaching when they would be required to pay rent. That is a matter that always produces a little unrest.

Mr. HAMILTON. Was there ultimate unrest?

Mr. DEL-PAN. After the occupants had been informed of the purposes of the Government to convey to them the lands under the most advantageous terms and after the occupants had been informed of the titles which the friars held and of conditions, almost all of them expressed satisfaction and the unrest disappeared.

Mr. HAMILTON. All who wanted to do so were permitted to continue to occupy the lands?

Mr. DEL-PAN. Some of my visits to these estates were made in the company of the then director of lands, Mr. Tipton, and immediately

after the proper explanations had been made to the occupants he established an office there for the recording of their rights and the occupants began to secure their registration as such.

Mr. HAMILTON. I understand—perhaps I do not remember correctly—that others than the original occupants of the Tala estate were permitted to come in and take holdings after Mr. Carpenter had obtained his lease. Do you know as to that?

Mr. DEL-PAN. I have not had any intervention at all in the administration of the estate, except as I have stated, and I know nothing of those facts.

Mr. HAMILTON. It has been stated here that there has been in the direction of the Tala estate some difficulty with robbers and that it was necessary to give the people some assurance of safety in occupying that estate, that they would not be interfered with by robbers. In other words, that it was necessary to give them police protection. Do you know anything of that?

Mr. DEL-PAN. With regard to the Tala estate I have heard nothing of that, but in general terms it may be said that similar things were happening in other estates. When I visited the estate of San Francisco de Malabon to induce the former occupants to reoccupy their land some of them would not occupy the distant sections because there were some robber bands there and there still existed a feeling of unsafety.

Mr. HAMILTON. After they were assured of some protection was this reluctance modified and were they more willing then to go on and take holdings and occupy them than they had been?

Mr. DEL-PAN. When I went to have the titles recorded I noted that a large number of the former occupants in the distant sections reoccupied their lands. The general conditions of the country have improved in an extraordinary manner in the sense of peace and tranquility.

Mr. HAMILTON. You are speaking more particularly of the Province of Cavite?

Mr. DEL-PAN. And La Laguna.

Mr. HAMILTON. I got the impression that the direction in which the Tala estate laid had been in time past something of a runway for robbers, or law-breaking people generally?

Mr. DEL-PAN. The upper part of the Tala estate and part of the estate of Piedad, as well as distant sections of Calamba and Binagbog, have for a long time been known and considered a runway for outlaws.

Mr. PARSONS. You stated that you visited the towns on the estate. When was it you made those visits, before the friar lands were bought or afterwards?

Mr. DEL-PAN. Shortly after the San Jose, the Imus, and the so-called Dominican estates were bought, and shortly before the purchase of the others by the Government.

Mr. PARSONS. What did you say to the people whom you saw in the towns? Was it part of your work to address the people in the towns and tell them about the matter?

Mr. DEL-PAN. In general terms, the main subject of my addresses to the people was, in the first place, to show them the legality of the

titles of the vendors to the Government, for the purpose of showing them that land was not being bought that belonged to the occupants, or third persons, but to the legal owners. Then I described to them the methods which the Government was going to pursue to have the lands recorded and the intention to have them conveyed in separate parcels to the occupants. Then I would answer any questions which were propounded by the people present.

Mr. PARSONS. At that time you told the occupants that they would have the first right to purchase the lands they occupied?

Mr. DEL-PAN. Yes, sir.

Mr. PARSONS. Which of the estates did you visit?

Mr. DEL-PAN. The first estate I visited was the San Francisco de Malabon estate. There I held three public meetings which were very largely attended. Then I went to Imus.

Mr. PARSONS. Did you hold any public meetings there?

Mr. DEL-PAN. Yes, sir; two. Then I visited Santa Cruz de Malabon.

Mr. PARSONS. Did you hold meetings there?

Mr. DEL-PAN. Yes, sir. Everywhere meetings were held; then Binan and later Santa Rosa. Those were the principal visits I made. The subsequent visits were irregular and governed by the necessities which arose. In these estates which I visited it appeared to be more necessary to instruct the people of the intentions of the Government as to the legality of the titles of the friars.

Mr. HAMILTON. Is it a part of your business to explain the friar-land act to the people, act No. 1120, I think it is called?

Mr. DEL-PAN. Yes, sir; in general and plain terms.

Mr. HAMILTON. To interpret it to them?

Mr. DEL-PAN. Yes, sir.

Mr. GARRETT. As I understand, there were 23 estates conveyed to the Philippine Government?

Mr. DEL-PAN. Yes, sir; 23 estates.

Mr. GARRETT. I will ask you if the list which is marked "Exhibit O" to the Report of the Secretary of the Interior of the Philippine Islands, as appears in the pamphlet entitled "The Friar-Land Inquiry Philippine Government," which I now hand to you, is correct?

Mr. DEL-PAN (after examining pamphlet). I can not say so specifically nor in detail, but in general terms it appears to be correct.

Mr. GARRETT. Is it correct as to the names of the estates?

Mr. DEL-PAN. Yes, sir. The Banilad estate is also sometimes called Banilad-Lalamban. All the other names are perfectly correct and the only names by which the estates are known. I must also add that the estate of Guiguinto is also sometimes known by the names of the six parcels of which the estate consists. That is to say, the estate does not consist of a single tract.

Mr. GARRETT. If this table has not been inserted in the record I think it would be proper to let it be inserted at this point.

The CHAIRMAN. I do not think it has been inserted in the record. I think it should be.

Mr. GARRETT. Then I will ask that at this point the table be inserted.

(The table referred to by Mr. Garrett follows):

EXHIBIT O.

Table showing in acres the area included within the boundaries of each of the friar-lands estates; also the cost and the cost per acre.

Estates.	Area purchased, in acres.	Purchase price. ¹	Flat rate per acre. ¹
Banlad.....	4,812.50	\$105,999.76	\$22.03
Binagbag.....	736.88	17,936.38	24.34
Binan.....	9,147.50	300,791.59	32.88
Calamba.....	34,182.50	692,721.65	20.27
Dampol.....	2,322.33	75,323.78	32.43
Guiguinto.....	2,364.21	77,783.94	32.90
Imus.....	45,607.50	1,036,012.15	22.72
Isabela.....	49,727.50	159,858.01	3.21
Lolomboy.....	12,943.73	486,620.60	37.60
Malinta.....	8,935.00	220,210.66	24.65
Matamo.....	29.50	841.09	28.51
Muntinlupa.....	7,067.50	43,838.53	6.20
Naic.....	19,060.00	491,355.77	25.78
Orion.....	2,290.00	49,025.16	21.41
Piedad.....	9,650.00	165,171.72	17.12
San Francisco de Malabon.....	28,622.50	534,937.41	18.69
San Jose.....	58,165.00	298,782.07	5.14
San Marcos.....	218.55	6,162.39	28.20
Santa Cruz de Malabon.....	24,487.50	518,706.22	21.18
Santa Maria de Pandi.....	25,855.00	527,318.65	20.40
Santa Rosa.....	13,675.00	455,117.36	33.28
Tala.....	16,740.00	112,054.33	6.69
Talisay-Minglanilla.....	20,050.00	553,893.48	27.63
Total.....	396,690.20	6,930,462.70	.....

¹ United States currency.

Mr. GARRETT. I want to ask if you will be kind enough to prepare a statement, unless you have already done so, showing which of these estates were conveyed to the Philippine Government by corporations other than religious orders, and insert it in the record.

Mr. DEL-PAN. All of them came from corporations other than religious orders except the San Jose estate.

Mr. GARRETT. Have you the names of the corporations that held these lands?

Mr. DEL-PAN. Yes, sir.

Mr. GARRETT. There were three corporations?

Mr. DEL-PAN. Yes, sir; apart from the religious Order of Recoletos.

Mr. GARRETT. So, there were really four separate vendors to the Philippine Government?

Mr. DEL-PAN. Yes, sir.

Mr. GARRETT. The Order of Recoletos conveyed the San Jose estate and the corporations you have mentioned conveyed all the other estates in that list?

Mr. DEL-PAN. Yes, sir.

Mr. GARRETT. Can you give us the names of the corporations which controlled the other estates?

Mr. DEL-PAN. The estate of Imus was sold to the Government by the Manila-British Estates Co. The estates of Binan, Calamba, Lolomboy, Naic, Orion, Santa Cruz de Malabon, Santa Maria de Pandi, and Santa Rosa were sold by the Philippine Sugar Estates Development Co. The other estates, with the exception of the San

Jose estate, were sold by the Compañía Agrícola de Ultramar. In the deeds of sale the company and the friars guarantee the title to the Government.

The estates which were sold by the Philippine Sugar Estates Development Co. formerly belonged to the Dominicans, and the Dominican Community appears as the party in the deeds of sale in guaranteeing the title; and, in addition, the representatives of the College of St. Thomas also appear as guarantors in the deeds relating to Binan, Santa Rosa, and Santa Cruz de Malabon, the said estates having previously belonged to the college.

Mr. GARRETT. In what business was this Philippine Sugar Estates Development Co. engaged?

Mr. DEL-PAN. Now or before?

Mr. GARRETT. Now or then. Is it still in existence?

Mr. DEL-PAN. Yes, sir; before the estates were purchased by the Government it had endeavored to operate them. It did some work, although on a very small scale, on the estate of Santa Rosa as well as on the estates of Binan and Calamba. It also made a number of efforts, usually unsuccessful, to collect rents from the occupants. After the sale to the Government, I understand, and it is the general belief, that the company continued to operate on a larger scale the land which it reserved when it sold the estates to the Government.

Mr. GARRETT. Is it endeavoring to raise sugar?

Mr. DEL-PAN. I believe that it is trying to raise sugar, and up to the present time I believe also it is still receiving rent from the occupants of the lands. All of this information is hearsay.

Mr. GARRETT. You mean receiving rent from the occupants of that portion of the lands which it reserved?

Mr. DEL-PAN. Yes, sir. I must add that this company, prior to the sale of the estates to the Government, had sold only small tracts to other purchasers, very few small tracts.

Mr. GARRETT. What is the business of the other corporations, or what was it?

Mr. DEL-PAN. The Manila-British corporation—all I know of the British corporation is that in or about 1902 they sent a representative to Manila, a Mr. McGregor, with whom the Government concluded the arrangements for the sale of the Imus estate. Previously this representative had done what he could to collect rents in the Imus estate in the Province of Cavite.

Mr. GARRETT. Did the corporation itself undertake to develop the land and to grow sugar or tobacco?

Mr. DEL-PAN. Not that I know of. I am almost sure that they did not.

Mr. GARRETT. The other corporation which you mentioned, what about it in that respect?

Mr. DEL-PAN. The Philippine Sugar Estates Co.?

Mr. GARRETT. No, sir.

Mr. DEL-PAN. The Compañía Agrícola de Ultramar?

Mr. GARRETT. Yes, sir.

Mr. DEL-PAN. So far as I know, it never made any attempt to cultivate the estates. It followed the system of the friars in leasing the lands to the occupants.

Mr. GARRETT. As a rule, how did the friars acquire title to these lands—by purchase from private parties, or were they public lands

granted by the Government of Spain? Of course, I do not want a detailed statement.

✓ Mr. DEL-PAN. In general terms, it may be said that these lands were acquired originally through grants made by the Spanish Government during the first years of the domination. These grants, which were called in Spanish "Mercedes," were made originally to military commanders, or other persons in remuneration for their services. Some of these grants were made for the purpose of encouraging the establishment of cattle farms, especially near Manila. During the first years of the Spanish domination a great scarcity of provisions existed, especially of beef, and one of the main desires of the governors was to encourage the raising of cattle. Hence, most of these grants were for the purpose of establishing cattle farms. They were called "estancias de ganado." For this purpose an area of 1,700 hectares, more or less, was considered sufficient and this was generally the area of the grant and what was called the estancia for cattle. Then these grants would go either by inheritance or be conveyed by sale to other than original grantees. Then some persons succeeded in securing a number of adjoining grants and formed a single large tract or estate.

In addition they would purchase from the Filipinos other tracts of land in order to join them to the original holdings, and in that way some estates as large as 28,000 hectares were established. Then, as the original grantees would sometimes fail in their enterprise the friars would purchase the estates. They appeared to be the only ones who could succeed in maintaining them. The success of the friars in the administration of the lands may be attributed not only to the greater economy which they observed in the administration of the lands, but also to the influence of a religious or political character which they had over the people. The problem in the Philippines then as now, in some instances, is not in the lands, but in retaining on the lands sufficient people to work them. In this the friars were more successful than any other landowners. I must add that from this general statement should be excepted the estates of Isabela and Mindoro, which were modern grants of the Spanish Government.

Mr. GARRETT. Can you state approximately how many estates were retained by the friars, and the number of acres?

Mr. DEL-PAN. No, sir; I can not answer that question exactly. Only in very general terms do I know anything of the estates which were retained by the friars and which were not made a part of the sale.

Mr. GARRETT. Reference has frequently been made to the Mandaloyan estate near Manila and on the Pasig River. Do you know whether that estate has been conveyed by the friars to any one of these corporations?

Mr. DEL-PAN. Yes, sir; the Mandaloyan estate belonged to the Compañía Agrícola de Ultramar, and I believe that Governor, now President, Taft was negotiating at the time of the purchase of the other estates, with the company for the purchase of that estate.

Mr. GARRETT. Is that estate still being controlled by this corporation or has it been conveyed back to the friars and is under their control?

Mr. DEL-PAN. I know it to be a fact that this company still continues the owner of this land with the exception of small tracts which

it has sold to the occupants or other persons. The same may be said of the estates of Guadalupe and San Juan del Monte, which were not included in the sale.

Mr. GARRETT. Do you understand that this principal corporation is holding the land in trust for the friars or is it the actual owner of the estates?

Mr. DEL-PAN. In the titles the company appears to be the sole and exclusive owner of the estates.

Mr. GARRETT. So far as the conduct of its business is concerned, in so far as you are familiar with it, does the company appear to be the owner of the estates or acting in a trust capacity, or are you sufficiently familiar with the conduct of its business to say how that is?

Mr. DEL-PAN. I can not say anything specifically on this matter; all I could express would be surmises.

Mr. JONES. But does not that corporation hold the Mandaloyon estate just as it and other corporations held the other friar lands that were conveyed to the Philippine Government?

Mr. DEL-PAN. Yes, sir; but I must add that that company is willing and anxious to sell to occupants or other persons tracts of its estates; this the religious corporations did not generally do.

Mr. HAMILTON. Was it the custom of the friars to lease large tracts of land and permit the lessees to sublet to small holders?

Mr. DEL-PAN. It may be said in general terms they did so, and that was one of the errors which they committed. They would lease large tracts to certain persons who would then enter into contracts on shares with the occupants of the land. The intermediary in those cases would generally derive greater profit than the owner or the worker, as is usually the case in such matters. In order to cover his exploitations he would seek to bring about misunderstandings between the two parties, thus getting them against each other. He would tell the worker that he was paying too high a rental to the owner, and then he would tell the owner that the land produced little because the worker was not working it properly, and usually both statements were incorrect.

Mr. HAMILTON. That system is entirely changed now?

Mr. DEL-PAN. I have directed my efforts to having the workers acquire the lands they formerly worked on shares and to become the owners thereof.

Mr. HAMILTON. That has become the custom?

Mr. DEL-PAN. That has been done in many cases. Unfortunately, in other cases it has not been possible to attain this result, because the workers did not feel that they could assume the responsibility of paying the rental and operate and work the property on their own account.

Mr. GARRETT. Did you have anything personally to do with the negotiations for these sales other than the matter of investigating the titles?

Mr. DEL-PAN. Nothing but what I have stated here.

Mr. GARRETT. I have been wondering, inasmuch as the San Jose estate was conveyed by the Recoletos and all the other estates seem to have been conveyed by these corporations and there being no apparent connection, just why it was that the Government was compelled to take the San Jose estate. Do you know whether the cor-

porations conveying the other estates made it a condition that the Government should buy the San Jose estate from the Recoletos?

Mr. DEL-PAN. I have heard it said. Personally I can say nothing, because I took no part in the negotiations myself. When these negotiations were first entered into I was not in the Philippine Islands.

Mr. GARRETT. That is all.

Mr. PARSONS. I would like to ask whether there are any large private-land holdings in the Philippines of which you know?

Mr. DEL-PAN. Yes, sir. There are other large private estates which have the same origin as the friar estates. Estates which were left by the Jesuits, when they were expelled from the Philippines by the Crown of Spain, were sold at public auction and bought in by private individuals, whose descendants still retain them.

Mr. PARSONS. How large are some of these estates, do you know?

Mr. DEL-PAN. The estates of Nasugbu, Payatas, and Calauang, and others have approximately the same area as the friar estates.

Mr. PARSONS. Those three estates would not have as large an area as the 23 friar estates?

Mr. DEL-PAN. No, sir. In general terms each of those estates is as large as any of the various friar estates. Their size, however, varies greatly.

Mr. PARSONS. How many hectares are there in the largest of these estates, so far as you know?

Mr. DEL-PAN. I can not say exactly, but my impression is that the Nasugbu estate, for example, has an area of 18,000 to 20,000 hectares.

Mr. PARSONS. Were there any estates granted directly to individuals by the Crown of Spain?

Mr. DEL-PAN. The first governors of the Philippines in the name of the Crown of Spain, which at that time considered itself the owner of all the lands which were afterwards considered to belong to the public domain, made grants of such lands to individuals in remuneration for military or other services, as stated——

Mr. PARSONS. How large were those grants?

Mr. DEL-PAN. As a general rule, they consisted of from 1,000 to 2,000 hectares.

Mr. PARSONS. Where is this Nasugbu estate which you say has 18,000 hectares?

Mr. DEL-PAN. In the Province of Batangas.

Mr. PARSONS. Near what cities?

Mr. DEL-PAN. The town of Nasugbu.

Mr. PARSONS. Is it unoccupied land, or is it occupied by tenants?

Mr. DEL-PAN. A part of the estate is occupied; a large part is unoccupied.

Mr. PARSONS. You mentioned two other estates?

Mr. DEL-PAN. There is a large number of other estates.

Mr. PARSONS. Take the two you have mentioned, the Payatas, how many hectares in that?

Mr. DEL-PAN. I can not give you the figures; it may be five or six thousand hectares. That is my impression only.

Mr. PARSONS. And the other one?

Mr. DEL-PAN. It may be three or four thousand. That is also my impression.

Mr. PARSONS. On the Island of Occidental Negros, are there large estates?

Mr. DEL-PAN. Yes, sir; there are also some large estates there, although generally not as large as those mentioned, and they have never belonged to the friars.

Mr. PARSONS. Do you know how large they are?

Mr. DEL-PAN. The estates there are not very large; they are relatively small. My impression is that they vary from 600 to 2,000 hectares. They are estates which have been especially devoted in modern times to the cultivation of sugar cane. The holders acquired them by purchase from the Spanish Government. The lands were of the public domain. They had to pay so much per hectare and cultivate them, and consequently they confined their purchases to the amount actually necessary to meet their needs.

Mr. PARSONS. Are any of them owned by corporations dating back to the Spanish times, or are they only owned by individuals?

Mr. DEL-PAN. Most of them belong to individuals, mainly men of push of Molo and Jaro, in the Province of Iloilo. Possibly very few, if any, are owned by corporations, and some by long-resident Spaniards.

Mr. PARSONS. Have they continued the same size from generation to generation, or have they been split up, reduced in size?

Mr. DEL-PAN. As a general rule, they have continued in the possession of the same families and of the same size, held in undivided form.

Mr. PARSONS. But with really many owners?

Mr. DEL-PAN. Yes, sir. There has not been time yet for a division of those properties in the island of Negros. It did not begin to be owned and cultivated until modern times.

Mr. PARSONS. Take the islands generally, what has been the tendency of these large holdings of land? Has it been that they are retained in the families and in undivided ownership, or are they divided up a good deal and sold to other people?

Mr. DEL-PAN. No, sir; as a general rule, they have been held in undivided form by the families. The only large tract which I know of having been divided is the old estate of Santa Cruz de Malabon, which was divided into the three present estates of Nais, San Francisco, and Santa Cruz (de Malabon).

Mr. PARSONS. Those were acquired by the friars?

Mr. DEL-PAN. Yes, sir; there have been subsequent divisions in other estates; but as a general rule they were due to purchase by some other member of the family.

Mr. HAMILTON. Are there any modern, thoroughly up-to-date sugar mills in the Philippine Islands now?

Mr. DEL-PAN. No, sir; so far as I know; and I must state that I am not very familiar with matters pertaining to land exploitation and operation. The largest and also the most modern sugar mills are on the Island of Negros, but I do not believe any of them was established after 1885, and most of them were established before 1870, and consequently the machinery is old.

Mr. HAMILTON. It has been stated that there is a good deal of waste by reason of these odd mills?

Mr. DEL-PAN. Yes, sir. In speaking with sugar growers in Negros I have been informed of that fact.

Mr. HAMILTON. They have been raising cane for a great many years in the Philippines; how do you account for the fact that they have no up-to-date sugar mills?

Mr. DEL-PAN. It is not many years that the Philippines have been producing sugar in large quantities. There have been but very few years when the Filipinos received good prices for it, and consequently the prosperity of the growers has been limited, and the profits obtained have not been sufficient to permit of the introduction of very modern methods on a large scale.

Mr. HAMILTON. Will the recent tariff modifications tend to stimulate the growth of sugar?

Mr. DEL-PAN. I understand the price has gone up. If prices are maintained the profits will be good. The principal need of the Philippines has been and is capital.

Mr. HAMILTON. Is it the desire of the Filipinos who are interested in business that capital shall be invested there in modern sugar mills?

Mr. DEL-PAN. By whom?

Mr. HAMILTON. From any source.

Mr. DEL-PAN. Any capital which is invested in the Philippines, provided it is properly controlled by law, will be a benefit to the islands.

Mr. PARSONS. Is that the view of the business people?

Mr. DEL-PAN. Yes, sir.

Mr. HAMILTON. Do you consider that your laws are now so framed as to afford proper regulation?

Mr. DEL-PAN. I would like to have some restrictions, say an income and progressive tax, in order to handicap inflated capital or holdings. That is my personal opinion. But I consider the laws which govern financial matters good, from the standpoint of generally adopted economic systems.

Mr. HAMILTON. In the matter of the restraint and regulation of corporations, would you make any discrimination between business enterprises which were native—that is, enterprises conducted by Filipinos—and enterprises conducted by people from other countries?

Mr. DEL-PAN. No, sir; when capital takes undue advantage of its influence it takes such advantage whether native or foreign; capital has no nationality.

Mr. HAMILTON. Is there any prejudice against American investments there?

Mr. DEL-PAN. What has been said in the United States of the corrupting influence of the trusts has produced such an effect among the masses of the people that there is a certain fear as to invasion by the trusts, but I do not believe there is any intelligent Filipino who is opposed to the honest investment of American capital. I would be very glad to have the Americans who go to the Philippines remain and invest the money they may save or the money they take with them, instead of taking it away from the islands. Certainly it would be beneficial to the country.

Mr. HAMILTON. You would regard it as an advantage to the islands if American capital should go there and be invested in modern sugar mills?

Mr. DEL-PAN. Yes, sir; provided that capital were properly controlled.

Mr. HAMILTON. In that connection, how could a trust be supposed to be related to it? Is there any fear in the minds of the people, taking into consideration this fear of trusts as discussed here in America, that trusts might be engaged in the running of sugar mills to the injury of the people?

Mr. DEL-PAN. That impression gained ground there on account of what was echoed from America.

Mr. HAMILTON. Do they understand a trust to be a big corporation?

Mr. DEL-PAN. The mass of the people do. The little agitation which occurred in Manila was owing to the fact that Mr. Poole was supposed to be an agent of a trust in disguise.

Mr. PARSONS. Do you think it is necessary, in order that the Philippines may compete in the production of sugar with such countries as Java and Cuba, that large sugar centrales should be established there from time to time?

Mr. DEL-PAN. Yes, sir. Otherwise it would never be possible for the Philippines, without large sugar mills, to compete with Java, Hawaii, and Cuba, and with the new producing country which is now coming to the fore, Formosa.

Mr. PARSONS. You said there were some large estates in Occidental Negros. That is pretty much sugar land. Why is it that the people owning the large estates there have not built modern sugar centrales themselves?

Mr. DEL-PAN. It is due, it may be said, to the fact that they have not received good prices for their sugar from 1890 up to the present time. They received good prices for their sugar, say, between 1878 and 1890 only—too short a period within which to make any savings for improvements.

Mr. PARSONS. Have they plenty of capital if there is a good price for sugar?

Mr. DEL-PAN. Recently sugar has been bringing a higher price, and if that price continues I have no doubt that Negros will have large mills, because the persons engaged in that industry there are intelligent, do not lack initiative, and are worthy of praise.

Mr. PARSONS. Have they the capital or will they have to get it from abroad or borrow the money?

Mr. DEL-PAN. They will have to secure capital by the sale of their sugar. At the present time there is no capital there and very few plantations which are not encumbered. It may be said that the low prices, first, and then the war have cut down the profits of the sugar growers.

Mr. PARSONS. Even supposing that sugar is now selling at better prices, have they the money themselves and, if not, where will they get it, to build such modern centrales as spoken of in the hearings as existing in Hawaii?

Mr. DEL-PAN. They will be able to secure their capital from their profits due to the higher prices of sugar and partly from the credit they will obtain by the increased value of their plantations, when they raise their mortgages.

Mr. PARSONS. From whom will they obtain that credit?

Mr. DEL-PAN. There are banks which are doing business there.

Mr. PARSONS. Such as the Hongkong-Shanghai Banking Corporation?

Mr. DEL-PAN. 'Yes, sir; the Banco Español-Filipino, also the Chartered Bank of India and Australia, and the International Banking Corporation.

Mr. PARSONS. Which of the banking concerns you have mentioned is controlled by Filipino capital?

Mr. DEL-PAN. I do not believe any is so controlled. The Banco Español-Filipino has considerable Filipino capital.

Mr. PARSONS. But not controlled?

Mr. DEL-PAN. I may say that it is not.

Mr. HAMILTON. The plantations, as I understand you, are quite generally mortgaged now. Would it not therefore be difficult to raise by further encumbrance upon the plantations a sufficient sum to construct a sugar mill costing in the neighborhood of \$1,000,000?

Mr. DEL-PAN. Yes, sir; but until they have paid the mortgages existing now, of course, they could not secure further capital.

Mr. PARSONS. What do you think would be the effect of this investment of capital on the laborers of the islands?

Mr. DEL-PAN. It naturally would increase wages. That has already been observed in Mindoro, where wages have increased greatly.

Mr. PARSONS. What do you think the effect would be toward making the laborers owners of homes and lands?

Mr. DEL-PAN. It would naturally facilitate it and be of great benefit.

Mr. HAMILTON. I suppose it follows that the more facilities you have for grinding the cane and the better mills you have the more cane under cultivation you would have, and therefore more employment of labor and therefore more money in circulation among the people in the Philippine Islands?

Mr. DEL-PAN. Yes, sir.

Mr. GARRETT. Did I understand you to say that there was no opposition on the part of the intelligent Filipinos to the investment of American capital?

Mr. DEL-PAN. No, sir; there never has been any intelligent opposition, according to my impression.

Mr. GARRETT. Is it not a fact that the Philippine Assembly has passed a resolution touching upon that matter, basing their objections, however, wholly on the propositions that it would tend to retard the obtaining of their independence?

Mr. DEL-PAN. I am not acquainted with the resolution.

Mr. GARRETT. Is there not a feeling of that sort among the people to some extent?

Mr. DEL-PAN. No, sir; not among the intelligent people.

(Thereupon the committee adjourned to meet on Wednesday, January 11, 1911, at 10 o'clock a. m.)

**HOUSE OF REPRESENTATIVES,
COMMITTEE ON INSULAR AFFAIRS,
Wednesday, January 11, 1911.**

The committee met at 10 o'clock a. m.; Hon. Marlin E. Olmsted (chairman) presiding.

The following members of the committee were present: Messrs. Olmsted (chairman), Hamilton, Parsons, Madison, Douglas, Jones, Page, Garrett, Fornes, and Rucker of Colorado.

TESTIMONY OF MR. JOHN HENRY HAMMOND.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Where do you live?

Mr. HAMMOND. I live at No. 9 East Ninety-first Street, New York City.

The CHAIRMAN. What is your occupation or profession?

Mr. HAMMOND. I am a lawyer.

The CHAIRMAN. Will you state, Mr. Hammond, whether you have had any connection with the purchase of what is known as the San Jose estate on the island of Mindoro in the Philippines?

Mr. HAMMOND. I had no direct connection with the purchase of that estate. I have learned from the newspapers that the estate was purchased by some gentlemen who were clients of mine at one time. I made a preliminary investigation in regard to the laws relating to Philippine lands, in connection with public lands and the right of corporations to do business in the Philippines, and I came to the conclusion that, by reason of the fact that I am a member of the firm of Strong & Cadwalader, of which Mr. Henry W. Taft, brother of the President of the United States, is also a member, it would be inadvisable for me to act for these gentlemen in connection with their proposed purchase of either public lands or friar lands or lands in the Philippines to which the title was defective.

The CHAIRMAN. The title was what?

Mr. HAMMOND. Defective. I may say in that connection that some discretionary action might be required on the part of a Government official, and after writing to Mr. Henry W. Taft on the subject I decided, in view of my membership in the firm, that it would not be wise for me to act for these gentlemen. I then turned the entire matter over to the firm of Cravath, Henderson & De Gersdorff, of which Mr. De Gersdorff was the gentleman in charge, but owing to the fact that he was about to leave on his vacation the matter was taken up by his partner, Mr. Leffingwell.

The CHAIRMAN. Did you thereupon withdraw entirely from any professional arrangement in the matter?

Mr. HAMMOND. Entirely.

The CHAIRMAN. And did your firm also withdraw?

Mr. HAMMOND. Entirely. My firm as a firm really had nothing to do with the matter; I was the only member who knew anything

whatever about it, except the two letters that I wrote to Mr. Taft on the subject, in which I discussed with him the advisability of our acting for these gentlemen. I entirely severed my connection with the matter on the 29th of September, 1909, when I turned the papers over to Mr. Leffingwell, and after that time I had only a conversation with him when he brought back some papers that I had given him and which I considered should be kept in my records and of which I believe he had copies made, and one or two telephone conversations, which ceased on the 13th of October, 1909. After that I had no further connection with it except that I received a letter from Maj. McIntyre, in which he referred to the opinion rendered in connection with Philippine lands, and I transmitted that opinion, with his letter, on the 23d of October, 1909, to Mr. De Gersdorff, I believe, or to the firm of Cravath, Henderson & De Gersdorff, and stated I had written Maj. McIntyre that I had ceased to be connected with the matter and had turned the matter over to Cravath, Henderson & De Gersdorff, Mr. Leffingwell having charge of the proceeding at that time.

The CHAIRMAN. Are you in any way interested or connected with the Mindoro Development Co.?

Mr. HAMMOND. In no way whatever; I do not know anything about it.

The CHAIRMAN. You are not professionally connected with it?

Mr. HAMMOND. In no way whatsoever.

The CHAIRMAN. Do you know who the officers are?

Mr. HAMMOND. I have not the slightest idea.

The CHAIRMAN. Your connection, and that of your firm, with the matter terminated absolutely at the date you have mentioned?

Mr. HAMMOND. Absolutely.

The CHAIRMAN. Do we understand that since that date you have had no correspondence with any member of the Philippine Government or of the United States Government, with reference to the matter, except the letter from Maj. McIntyre, to which you have referred?

Mr. HAMMOND. That is so. In fact, I never had any conversation with any Government official, either by letter or in any other manner, except two or three letters which passed between Maj. McIntyre and myself in regard to documents, this letter of October 23, 1909, and one interview that I had with him on the 3d of September, 1909, when I went down to get information in regard to the willingness or desire of the government to permit American capital to develop the sugar industry in the Philippines. That is the only conversation I ever had with any Government official on the subject.

The CHAIRMAN. Will you now state for whom you were acting up until the time you did withdraw from the case? You have said for clients, but you have not mentioned them.

Mr. HAMMOND. My first connection with the matter arose, I believe, on the 16th day of August, 1909, when Mr. Horace Havemeyer called at my office and stated that he had been referred to me by John G. Johnson, of Philadelphia. Mr. Johnson is considered, especially by New York lawyers, as probably the leader of the American bar; I had been associated with Mr. Johnson in work for perhaps five or six years prior to this time, and, as it happened, Mr. Johnson in the winter, the early winter of 1909, or the latter part of 1908,

asked me whether Mr. Horace Havemeyer had called upon me; that is what fixed it in my mind; I said he had not, and then when Mr. Havemeyer called on me on the 16th of August, 1909, I happened to remember the remark made by Mr. Johnson some time previously. Mr. Havemeyer said that he and Mr. Charles J. Welch, who was a sugar grower, as I understood it, and a cousin of Mr. Havemeyer's, Mr. Senff, Charles H. Senff, were assicated in growing sugar in various parts of the world, and that owing to the reduction of the tariff on, I believe, 300,000 tons of Philippine sugar he thought they would like to grow sugar in the Philippines if American capital would be welcome there, and I believe he told me at that time, although I can not be sure, that public lands were selling at \$2 an acre; that there were friar lands and grazing lands and private lands, all of which might be available for the cultivation of sugar, and he asked me whether I would look into the matter for him and his associates, and that Mr. Welch would see me about it. I made a preliminary examination at the bar association to see what Philippine laws I could get hold of, as we had nothing in the office except the United States Statutes, and then I wrote to Maj. McIntyre, or the Bureau of Insular Affairs, or Gen. Edwards, I have forgotten which it was—no; I wrote to the War Department, asking whether they had translations of Philippine laws. I would like to say in this connection that I suppose my conversations with my clients might ordinarily be considered privileged, but I have written to them and I understand they waive the privilege; so far as I am concerned, I do not want to be considered by the committee as violating that professional privilege.

The CHAIRMAN. We shall raise no question of privilege if the clients do not.

Mr. HAMMOND. I do not like to be in the position of a lawyer discussing it without some explanation. After writing to the War Department I got a copy of the Philippine laws, and on the 31st of August, or thereabouts, I got a pamphlet with the laws relating to the public lands, I believe; I have forgotten now just what the pamphlet was. And I had an interview with Mr. Welch in which he stated that he had advices that the friar-lands estate, or the friar lands were being offered for sale in the Philippines in bulk to one person, and that they would like to get, as I understood: First, public lands; failing that, the friar lands; and failing that, some grazing lands; I really do not know the name of the estate, but my recollection is some estate on the island of Mindoro. I can not recollect what the name was, but it was, apparently, some large estate near or on the island of Mindoro, and I rather gathered from what Mr. Welch had said that he supposed there would be no difficulty in acquiring any of these lands that they wished. Upon an examination of the statutes, I came to the conclusion that no corporation could buy over 2,500 acres of land in the Philippines; that the laws were drawn in such a manner as to prohibit the acquisition by any corporation, either Philippine or foreign, of over 2,500 acres of public lands, and that no individual could acquire over 40 acres of public lands. I could find no limitation on the amount of acreage that an individual could acquire of private lands, and I am not sure about the friar lands, whether they were Philippine lands or public

lands or private lands, or what they were, in view of the statutes. When I went down to see Maj. McIntyre I asked him whether any opinions of the attorney general of the Philippines had been given in regard to the purchase of friar lands by either corporations or individuals, and he gave me two rather conflicting opinions, but they did not relate to the friar lands or to the purchase by a corporation.

He told me that in his opinion no corporation could acquire over 2,500 acres of public lands or of friar lands, but that one opinion stated that a corporation could acquire, I believe, over 2,500 acres of private lands; but the question was, after acquiring it, whether it could hold it. My recollection is, roughly, that you could not prevent, under the treaty with Spain, an individual Filipino from selling his lands to anybody whom he pleased, but that whether a corporation could hold it after it got it was another matter. My clients did not want any doubtful titles, as I understood, and I asked Maj. McIntyre whether the Government would have any objection to American capital going into the Philippines and putting up a mill to develop the raising of sugar, and I understood from him that the Government rather welcomed any American going in there and developing the commerce of the islands; that what they wished to accomplish was to develop the commerce of the Philippines for the benefit of the Philippines and for the mutual relations with the United States; and I understood that no obstacle would be put in the way of any American who wished to go there and legitimately develop his enterprise in that manner. I asked him at that time whether the friar lands were being offered for sale to an individual, and my recollection is he said he did not know, and that he had not understood so or had not heard of it; at any rate, I got the idea that Mr. Welch was mistaken in thinking the friar lands were being offered for sale. And I rather assumed that they would purchase whatever this estate was, the title to which was defective, and failing in that they would acquire private lands.

The CHAIRMAN. What estate was this to which the title was defective?

Mr. HAMMOND. That I do not know; I can not remember the name of the estate, but some estate quite large, containing a number of thousands of acres, perhaps 25,000 or 30,000 acres, on the island of Mindoro; that is my recollection, because I think we discussed some question of a railroad and a dock, and matters in connection with it that rather fixed it in my mind it was on the island of Mindoro. I know it was mentioned, and I remember particularly that there were some questions about the title, and a title that might be cured by Government action, because that was one of the determining factors in my mind as to whether the firm had better withdraw, because we might have to go, on their behalf, to Government officials and ask to have this defective title cured.

The CHAIRMAN. In what way or in what particular was the title defective?

Mr. HAMMOND. Well, that I do not know. I think it was the question of occupancy and whether occupancy had ripened into title or not, and my recollection is that where lands had been occupied for a certain number of years, and you could not prove actual title, that by going to the Government it would perfect the title in some manner. I can not tell you exactly what it was, because I did not go into it

from the standpoint of the legal title; I was taking it largely from what Mr. Welch said, what he appeared to know, that it was defective in some way, but could be cured.

The CHAIRMAN. Do you know whether it was cured in any way?

Mr. HAMMOND. I have no idea; I do not really know anything about it.

The CHAIRMAN. Why were you investigating as to the amount of land that could be held by a corporation?

Mr. HAMMOND. Because the most convenient way these gentlemen could acquire and hold their property would be by corporate title. Of course it would have to go on for a number of years, and Mr. Senff being a man quite advanced in life, his death might completely change it, and it might be a difficult matter to handle from the United States, so that the easiest way to handle a matter of that kind would be by the formation of a corporation.

The CHAIRMAN. What corporation was in contemplation by the purchasers of the land?

Mr. HAMMOND. Well, as I understand it, the idea of a corporation was given up rather early, because a corporation could not acquire over 2,500 acres, and that was not enough for them to raise sugar and supply the mill which they had in contemplation.

The CHAIRMAN. Except for that limitation what corporation was it contemplated should make the purchase, if it was possible for the corporation to hold so much land?

Mr. HAMMOND. I think they formed a corporation among themselves and bought as much land as they pleased, the same as in the United States, a corporation with broad, general powers to develop an industry of that kind.

Mr. DOUGLAS. Was it a corporation then in existence that contemplated making this purchase or one to be formed?

Mr. HAMMOND. Oh, no; it was one to be formed by these gentlemen for the purpose of developing this industry. There were three individuals, and no corporation, as I understood it, existed in any manner.

The CHAIRMAN. You have mentioned Mr. Welch and Mr. Senff as the purchasers—Mr. Havemeyer, Mr. Welch, and Mr. Senff; was any other person interested or to be interested in the purchase, so far as you knew?

Mr. HAMMOND. Not so far as I knew.

The CHAIRMAN. Was the purchase to be made in their own names?

Mr. HAMMOND. I do not understand so. I understand that they had some one, some representative in the Philippines, or else some one who was to be sent to the Philippines for convenience in making the purchase; but we did not discuss that very much; it had not gotten that far. My discussions were preliminary, for the purpose of evolving, if possible, some manner in which the business could be carried on, if they decided to go ahead.

The CHAIRMAN. Who was the party to make the purchase in his own name?

Mr. HAMMOND. I am not sure we ever got as far as that; my recollection is that they had two representatives, one named Poole and one named Prentiss, but I am not sure whether they were to buy or not; I do not know about that.

The CHAIRMAN. That had not been determined upon during your connection with the matter?

Mr. HAMMOND. Not at all. Nothing had been really determined upon during my connection with the matter, because we advised them that before they could safely go ahead they would have to get some lawyer of standing in the Philippines to advise them. I knew really nothing first-hand about Philippine law, knew nothing about Spanish law, knew nothing about titles in the Philippines, and I advised them to get some lawyer in Manila, and in that connection I called up Mr. de Gersdorff, and my recollection is he recommended a man by the name of Lawrence in Manila, with whom I understood they would subsequently communicate; whether or not they ever did communicate with him I do not know.

The CHAIRMAN. You have already stated that you have no relation with or knowledge of the Mindoro Development Co.?

Mr. HAMMOND. The Mindoro Development Co.?

The CHAIRMAN. Yes.

Mr. HAMMOND. I do not know anything about the Mindoro Development Co.

The CHAIRMAN. Then, of course, you are not a stockholder, officer, or attorney?

Mr. HAMMOND. I am not interested in any way, shape, or form.

The CHAIRMAN. Do you know anything of the San Carlos Agricultural Co. of California?

Mr. HAMMOND. Nothing whatever.

The CHAIRMAN. You have no relation to it, professional or otherwise?

Mr. HAMMOND. No, sir.

The CHAIRMAN. Do you know who its officers are?

Mr. HAMMOND. No, sir; I do not know anything about it.

The CHAIRMAN. Do you know anything of the San Francisco Agricultural Co. of California?

Mr. HAMMOND. No, sir; nothing whatever.

The CHAIRMAN. Or of the San Mateo Agricultural Co. of California?

Mr. HAMMOND. No, sir.

The CHAIRMAN. Do you know who their officers or agents are?

Mr. HAMMOND. I have not the slightest idea.

Mr. PARSONS. Was the estate on Mindoro Island that you speak of a friar estate or some estate that it was claimed was privately owned—the one as to which you said the title was defective?

Mr. HAMMOND. I understood it was claimed to be privately owned; whether originally it had been a friar estate I do not know. I only know what I gathered from Mr. Welch, that it was a privately owned estate which had been used for grazing purposes. I remember that, and that for some reason the title was defective. I do not know whether it was, but I assumed that was so.

Mr. JONES. Mr. Hammond, how many times did Mr. Havemeyer come to your office in connection with this business?

Mr. HAMMOND. He came on the 16th of August; I think he was there about the 30th of August, when Mr. Welch came, and I think he called at my office when we went down to see Mr. Johnson, some time about the 14th of September, or some date about there. I do not think I saw him at any other time in connection with it; I do

not recollect, but it may be that I did, because I was doing work in connection with it from the 16th of August until the 29th of September, off and on.

Mr. JONES. Was your visit with him to Mr. Johnson in connection with this Philippine business?

Mr. HAMMOND. It was.

Mr. JONES. Is Mr. Johnson counsel, or one of the counsel, for what is known as the American Sugar Trust?

Mr. HAMMOND. I do not know anything about it; I know that Mr. Johnson has appeared before the Supreme Court of the United States, and he appeared also in New York in connection with several suits, I believe, brought against the sugar refining company; but that I only know from hearsay. I have never come in contact with Mr. Johnson except in other transactions, transactions that have had nothing to do with the sugar company or any of these other large litigations in which he has been engaged.

Mr. JONES. Was he the counsel of Mr. Havemeyer?

Mr. HAMMOND. Mr. Horace Havemeyer?

Mr. JONES. Yes.

Mr. HAMMOND. That I do not know. I know that he knew Mr. Havemeyer. I think he knew his father, and he spoke to me about Mr. Havemeyer as though he knew him quite well, and I think he does.

Mr. JONES. He had been counsel, however, for the American Sugar Trust in one or two important cases?

Mr. HAMMOND. That I am sure of, but I do not think he was general counsel; I am quite sure he was not general or active counsel, but I know from general statements that he was counsel in these large litigations in which they were involved.

Mr. JONES. What was the reason which induced you to turn this matter over to this other firm? You said something about your disinclination to appear before Government officials?

Mr. HAMMOND. The controlling cause was what has always governed the firm since I have been a member, and I presume before that time, that since Mr. William H. Taft has been President of the United States we have endeavored not to have any connection with the Government in connection with litigation or law business which would involve the exercise of discretion on the part of an official. We have always advised clients that we were not in a position to do justice, that it might embarrass the administration and surely would embarrass ourselves if we endeavored to represent parties where a Government official had to exercise discretionary power.

Mr. JONES. You may have explained this before I came in; I was not here when you began your testimony, and therefore I wanted to know why it was that your firm could not appear before a Government official simply because Mr. Taft was President of the United States. Has your firm any connection with the President?

Mr. HAMMOND. Mr. Henry W. Taft is a brother of the President.

Mr. JONES. And he is a member of your firm?

Mr. HAMMOND. Yes, sir; we have always considered that, and we have always acted on that, that we would have nothing to do with business which involved us in any transactions where a Government official would have to exercise discretion.

Mr. JONES. But you did come down here to consult with the War Department, or you first wrote to the War Department?

Mr. HAMMOND. I did; and I told Maj. McIntyre in our conversation that while I did not like to give up business that had been referred to me by Mr. Johnson, at the same time it seemed to me that in the end these gentlemen might have to ask some Government official for something involving the exercise of his discretion, and that for that reason I did not believe we would be able to act. But I wanted the information that any citizen could get from the War Department as to whether or not opinions had been given on Philippine laws and as to what their general policy was in regard to the development of commerce there, and as to whether lands had been offered for sale, as I had been told. It was purely the preliminary work of finding out what the situation was to see whether we would be in a position to act or not.

Mr. JONES. When were you first requested or summoned to appear before this committee?

Mr. HAMMOND. I was notified three or four days ago that the committee would probably hear me if I came down to-day.

Mr. JONES. Had you not at some time previous to this been notified that your presence here was desired?

Mr. HAMMOND. I think I wrote to Mr. Parsons, I am not sure, asking when the committee would probably require my testimony, as I understood from the general statements in the newspapers and from general statements made that this committee was going to have everybody who was in any way connected with it before it, and in view of the statements made in the Congressional Record last spring or summer I supposed, of course, I would be asked to testify.

Mr. JONES. When did you communicate with Mr. Parsons?

Mr. HAMMOND. When?

Mr. JONES. Yes.

Mr. HAMMOND. I can not tell you; I wrote to him, I think, about the 10th of December.

Mr. JONES. Have you ever had any conversation with him in regard to this matter since that time?

Mr. HAMMOND. None of any kind.

Mr. JONES. Is this statement you have made as to your connection with this matter and with the insular affairs bureau the result of your recollection of the matter at the time, or have you refreshed your memory at all since this matter first came up, by conversations with officers of the insular bureau?

Mr. HAMMOND. I have not. The only time I have ever seen any member of the Bureau of Insular Affairs was on the 3d of September, 1909; I have not spoken to any of them since then or written to any of them since the letter answering the letter I received on October 23, 1909; I have not communicated with any of them in any way since.

Mr. JONES. How many times did you see Mr. Welch, whose name you have mentioned in connection with this matter?

Mr. HAMMOND. I probably saw him four or five times; I took him over to Mr. Leffingwell, and he went down with me to Mr. Johnson, but he came to my office two or three times in connection with it prior to September 29, 1909.

Mr. JONES. Did he accompany you and Mr. Havemeyer to Mr. Johnson's office?

Mr. HAMMOND. He did.

Mr. JONES. Who else accompanied you?

Mr. HAMMOND. That was all.

Mr. JONES. How often did you see Mr. Senff in connection with this matter?

Mr. HAMMOND. My recollection is I saw him once.

Mr. JONES. Then you had more communications with Mr. Havemeyer than you did with Mr. Senff?

Mr. HAMMOND. I did; I saw Mr. Havemeyer possibly three times; possibly it may have been four, or it might have been five or six.

Mr. JONES. Do you mind telling the committee why you went with these gentlemen to see Mr. Johnson?

Mr. HAMMOND. Not at all. If they bought the land, there had to be some way arranged for them to hold the land, and I worked over some papers in that connection, and I had drafted a certificate of incorporation for the construction of a mill, and discussed with them a corporation to construct a mill, and I had drafted some other papers about which I wished to confer with Mr. Johnson on account of his experience. I had been in the habit of conferring with Mr. Johnson for five or six years on various matters, and I wanted his advice, as these were new matters to me, as to how the matter might be taken care of; it was to get his general advice. I also wanted to consult him whether or not, under the circumstances, Strong and Cadwalader had better act in the matter, and I also wanted to consult with him as to whom, in his opinion, would be a good man to turn it over to.

Mr. JONES. In other words, inasmuch as Mr. Johnson had sent Mr. Havemeyer to you, you felt that if you gave this matter up, he was the one, rather than yourself, to select your successor?

Mr. HAMMOND. No; not at all. He left it to me; but Mr. Johnson's experience is so much more general than any other New York lawyer, and knowing his judgment was sound, and in view of the fact that he had sent Mr. Havemeyer to me in the beginning, and being in the habit of conferring with Mr. Johnson as a kind of Gamaliel for many years, I wanted his advice.

Mr. JONES. Did you not regard him, however, as the general advisory counsel of Mr. Havemeyer?

Mr. HAMMOND. No; I did not think so, because I did not think he took up any of the details at all, so far as I knew. I know that while I was connected with it I did not discuss the question of Philippine law at all; I merely discussed the question of general law.

Mr. JONES. You discussed this question of incorporation, and you wanted him to see those papers?

Mr. HAMMOND. Yes.

Mr. JONES. And you discussed some other matters which you did not mention specifically?

Mr. HAMMOND. Yes. And the deposit of money in the trust company for the purpose of making payment, if they did buy, and matters of that kind.

Mr. JONES. If he was not the general counsel of these people, why did you go down there to consult with him about those purely legal questions rather than the members of your own firm in New York?

Why did you trouble a man of his ability and wide practice with your matters rather than the members of your own firm if he was not the counsel of these people?

Mr. HAMMOND. Well, this was a matter that in the end might involve a great deal of money. It was a matter that he had referred to me in the beginning, and it was a new matter as far as I was concerned, and I wanted the benefit of his judgment. I knew it would not cost anything, for very often he refuses to make a charge. Unless some one has come in contact with Mr. Johnson it is hard to explain. Mr. Henry W. Taft was away on his vacation, and Mr. Cadwalader was also away, so that the members of my firm with whom I would have consulted if they were to be consulted were not there. I may say that it is the habit of many New York lawyers to confer with Mr. John G. Johnson; his position is very unique.

Mr. JONES. You say he referred this matter to you. Do you mean by that it was a matter which he had control of and turned over to you, or he simply introduced Mr. Havemeyer to you?

Mr. HAMMOND. He did not even introduce Mr. Havemeyer to me. Mr. Havemeyer came to me and said that Mr. Johnson had suggested my name.

Mr. JONES. Then what do you mean by saying he turned the matter over to you?

Mr. HAMMOND. Just that; I do not know that I could make it any more definite than that. Mr. Havemeyer came to me and said that Mr. Johnson had referred him to me.

Mr. JONES. Do you know who were to be the members of this corporation, the papers for which you prepared?

Mr. HAMMOND. No; I do not.

Mr. JONES. Had you not stated the names of the incorporators in those papers?

Mr. HAMMOND. No; my recollection is it was purely a draft.

Mr. JONES. Had you not been informed by these gentlemen who were to compose this corporation?

Mr. HAMMOND. No; we had not gotten that far. This was purely to evolve some plan or general scheme; that was all there was to it.

Mr. JONES. Mr. Hammond, do you really know whom you were representing at that time?

Mr. HAMMOND. I was representing the three men whose names I have stated—Mr. Havemeyer, Mr. Welch, and Mr. Senff.

Mr. JONES. And not representing Mr. Johnson? You were not representing Mr. Johnson?

Mr. HAMMOND. Not at all; I was representing those three men.

Mr. JONES. Why did you not put their names in the document you had prepared?

Mr. HAMMOND. I did not prepare it for execution; I was preparing it for the general scheme. It had not reached the point of incorporation.

Mr. JONES. Now, you said you wanted to talk with Mr. Johnson about some other matters connected with the holding of those lands. Will you please explain to the committee what those questions were?

Mr. HAMMOND. Other matters?

Mr. JONES. Connected with the holding of those lands other than by a corporation.

Mr. HAMMOND. My recollection is that we discussed an agreement by which they would be able, the survivors would be able, to handle this land in case of the death of any one of the three.

Mr. JONES. There was some question, as I understand from your testimony, as to the amount of land that the corporation could hold?

Mr. HAMMOND. There was not much question about that.

Mr. JONES. You said that Maj. McIntyre told you they could not hold over 2,500 acres?

Mr. HAMMOND. No corporation could, as I understood it, hold over 2,500 acres.

Mr. JONES. And you did volunteer the statement that that was not sufficient to raise sugar cane to supply a factory?

Mr. HAMMOND. That was my understanding; I did not know anything about the growing of sugar; that is what I understood, that that would not be enough.

Mr. JONES. Were you not conferring with Mr. Johnson, then, with a view to devising some scheme, preparing some plan, by which these individuals could hold a larger amount than that and get around that provision of law which prohibited a corporation from holding more than 2,500 acres—was not the purpose of your interview with Mr. Johnson really to agree upon or to devise some method by which you could get around that provision of the law?

Mr. HAMMOND. Quite the contrary; the provision of the law was there, there was no doubt about that. This was a question as to how three individuals, who were jointly interested, could acquire land, whether private lands or friar lands, or whatever it was they wanted to buy; precisely the same question that would arise in the United States in case there was a limitation on the amount of land a corporation could hold; it was not a question of beating the statute at all; it was a question of how these gentlemen were going to develop what they had in mind.

Mr. JONES. What did they have in mind to develop?

Mr. HAMMOND. The growing of sugar in the Philippines on a large scale.

Mr. JONES. They could not grow it on a large scale if they were limited to 2,500 acres?

Mr. HAMMOND. No; that was not a large enough scale, as I understand it, to justify the erection of a mill.

Mr. JONES. And you were putting your heads together with a view to devising some plan by which they could raise enough to run a mill, were you not?

Mr. HAMMOND. Why, not at all; any one of these individuals could have bought that, but they were just gentlemen who were interested jointly.

Mr. JONES. Yes; they were gentlemen interested jointly, and one of them was advanced in years and there might come complications if they bought the land in their individual capacities, and you wanted to avoid those complications, and they were all getting together and you wanted to provide some means by which they could get this land in their individual names and in the event of the death of one of them there would be no trouble, were you not?

Mr. HAMMOND. I was, but that was not beating any corporation law.

Mr. JONES. No; that is a distinction without a difference, if you will permit me to say so.

Mr. HAMMOND. If I may be permitted to explain, I will say I understand that in a corporation you escape individual liability; that is the primary object of forming a corporation; and a stockholder is liable only for his interest in the corporation. That, to my mind, is usually the reason why a corporation is formed.

Mr. JONES. But if you were prohibited by the letter of the law from forming a corporation you still wanted to buy this land in some way by which, if one of the holders of this land should die, there would be no complications, and that the interests of the others who were not, perhaps, parties to the record would be protected?

Mr. HAMMOND. These gentlemen were interested jointly and they wished during their joint lives, or during the lives of the survivors, to be sure that their investment would not be hazarded, would not be in danger of disruption.

Mr. JONES. And therefore you stated in the beginning you were drafting articles of incorporation and desired to confer with Mr. Johnson about some other matters in regard to acquiring the land?

Mr. HAMMOND. Perhaps you did not understand me. The articles of incorporation related to the construction of a mill.

Mr. JONES. I understood that perfectly; and then the question confronting the incorporators was that they could not hold more than 2,500 acres of agricultural lands for the purpose of raising sugar cane to supply that mill?

Mr. HAMMOND. That is, a corporation could not.

Mr. JONES. And they did not want to buy it in their individual names, but inasmuch as the same people who were the incorporators in the mill project wanted to own the lands you wanted to devise some scheme by which they could do it?

Mr. HAMMOND. I am not sure that the same people were going to be in the mill and in the lands.

Mr. JONES. Did you know of any other people connected with it except those three?

Mr. HAMMOND. I did not; but they may have had in contemplation other stockholders in the construction company; that I do not know.

Mr. JONES. They never mentioned anybody else to you, did they?

Mr. HAMMOND. No, sir.

Mr. JONES. The only people that were your clients and whom you knew were the people who owned the mill and were to be the incorporators in that concern, and those people wanted to buy sugar lands and they did not want to buy them individually because of complications which might arise, and the purpose of your meeting with this great expert on law, Mr. Johnson, was to devise some means by which their purposes could be carried out, was it not?

Mr. HAMMOND. Satisfactorily to themselves.

Mr. JONES. Satisfactorily, of course. This Mr. Horace Havemeyer is a member of the American Sugar Trust, is he not?

Mr. HAMMOND. I think he is not; I have seen in the papers that he has resigned. At that time I understood he was a director.

Mr. JONES. He was a director in the company at that time?

Mr. HAMMOND. That is my impression, although I do not know about that.

Mr. JONES. He is a member of the Havemeyer family, which was connected with the Sugar Trust?

Mr. HAMMOND. He is the son of Mr. H. O. Havemeyer.

Mr. JONES. Have you ever been spoken to in any way about this matter since you have severed your connection with those gentlemen?

Mr. HAMMOND. Why, I think, Mr. de Gersdorff and I met at lunch about a month ago, and we jocularly referred to the fact that we were being investigated. I do not think, aside from that, that I have ever spoken to Mr. de Gersdorff on the subject. I spoke to Mr. Havemeyer and wrote to Mr. Welch in regard to the question of waiving my privilege.

Mr. JONES. Have you ever had any conversation with Mr. Johnson in regard to this matter since your visit there with Mr. Havemeyer?

Mr. HAMMOND. No; I have not.

Mr. JONES. Have you had any communication with him?

Mr. HAMMOND. Yes; I wrote and asked him whether, in view of the fact that in my opinion there was nothing to conceal, it would be proper for me to ask these gentlemen to waive my privilege as a lawyer.

Mr. JONES. So you conferred with him and consulted with him on the subject of the ethics of your profession, as well as legal questions?

Mr. HAMMOND. Yes. I consider Mr. Johnson the leader of the American bar, and I have been in the habit of consulting with him for many years, and we have been associated together in a number of matters.

Mr. JONES. Have you ever represented the American Sugar Trust in any other matter?

Mr. HAMMOND. I never have. Well, may I change that? I have not represented them in this matter, because, as I understand, they had nothing whatever to do with it.

Mr. JONES. Do you know whether Mr. Senff is in any way connected with the American Sugar Trust?

Mr. HAMMOND. I do not.

Mr. JONES. Or Mr. Welch?

Mr. HAMMOND. I think not; I do not know.

Mr. JONES. You have no knowledge on the subject?

Mr. HAMMOND. None whatever; I understood that he had not, but that I do not know.

Mr. JONES. You can not speak from your own knowledge?

Mr. HAMMOND. Not from my own knowledge; no, sir.

Mr. JONES. Do you know whether or not the corporation you started was ever formed?

Mr. HAMMOND. I do not know. I did not start it; I only drafted a tentative draft of a certificate of incorporation.

Mr. JONES. What became of that? Did you retain that or leave it with Mr. Johnson or Mr. Havemeyer?

Mr. HAMMOND. I do not think I left it with either of them. My recollection is it went, with all the other papers I had, to Mr. Lefingwell. Whether he made use of it or not I do not know.

Mr. PARSONS. When did you become a member of the firm of Strong & Cadwaladar?

Mr. HAMMOND. It was some time shortly after the 1st of March, 1909; it was after Mr. Wickersham became Attorney General, be-

cause Mr. Wickersham went out and Mr. Sprague and I became members of the firm after that time.

Mr. PARSONS. Were you a member of the firm, or connected with the firm, when Mr. Wickersham was a partner?

Mr. HAMMOND. No, sir; in no way whatever.

Mr. PARSONS. I wish to say, in view of what Mr. Jones asked Mr. Hammond, as to whether he had any communication with me, that Mr. Hammond is a constituent of mine and a very old friend, and whatever communication there was was by letter and I would be very glad to produce the letters.

Mr. JONES. I should not have referred to the matter if he had not stated he wrote to you.

Mr. PARSONS. The day that Mr. Martin said he wanted to subpoena Mr. Hammond I went to him and said I hoped it would be arranged that when Mr. Hammond came he could be examined on that day, so he would not have to spend more than one day here; that he was not the lawyer on the job any more, and it was not fair to keep him more than a day; and I spoke to the chairman the other day and asked him whether, if Mr. Hammond came down, he could be examined this morning. I think Mr. Hammond had written me saying he had to go to Chicago on a business matter and wanted to know when this thing was coming up; so I wrote to Mr. Hammond to come down to-day and that I thought he could be examined the first thing this morning. I want to say that he called me on the telephone this morning to know where the Insular Affairs Committee was and I told him, and I asked him if he was prepared to testify and he said he did not know what they were going to ask him; I told him they were going to ask him about his connection with the matter, and I asked him whether he had the dates in his mind, and he told me he had. That is all, in substance.

Mr. HAMMOND. Mr. Henry W. Taft asked me if I would present to the committee his letter to Mr. Bennet—the letter which Mr. Taft wrote to Mr. Bennet.

The CHAIRMAN. Who asked you to do that?

Mr. HAMMOND. Mr. Henry W. Taft. It is dated June 23, 1910. It seems that Mr. Martin made certain statements on the floor of the House in regard to Mr. Taft in connection with various Philippine transactions, and Mr. Taft had nothing whatever to do with the transaction. I think Mr. Martin may have admitted they were based on newspaper reports, which were absolutely incorrect, and on behalf of Mr. Taft I would like to present that letter and state that if Mr. Taft's testimony is desired, he will be very glad to appear before the committee.

Mr. JONES. I do not object, Mr. Chairman, but I do not think we ought to encumber the record with statements and letters written by gentlemen who are not brought before the committee. Of course, I do not object.

Mr. DOUGLAS. What is the letter?

Mr. HAMMOND. A letter that Mr. Taft wrote to Mr. Bennet; I think it is printed in the Congressional Record, but I would like to get it before this committee as part of the record before this committee. We have been accused of taking advantage of Mr. Taft's relationship with the President, and the fact that Mr. Wickersham was a former member of the firm, and taking advantage of that

relationship in getting matters from the Government on behalf of clients, whereas the fact is that we have endeavored with the utmost care to avoid doing anything that would lead to such an imputation; we have done our best not to attempt anything that would suggest we used such relationship for any improper advantage of any kind, sort, or description. It does seem to us rather unfair, in view of what we have attempted to do, that such aspersions should pass without any answer. I do not know how much of the charges that Mr. Martin made on the floor of the House have been incorporated in this record, but if they have been so incorporated it would seem to me only fair that Mr. Taft's answer should be presented.

Mr. JONES. Those charges have not been incorporated in this record, Mr. Martin's speech has not been put in the record. His speech is in the Congressional Record just as Mr. Taft's letter is in the Congressional Record, and it does not seem to me that it is proper that this letter should be put into our record. Mr. Martin has not asked that his speech be put in the record, but, as I have said, whilst I think it is not proper, I shall not raise any objection to it. Of course, Mr. Taft has the privilege of appearing before the committee and making any statement he wants to make.

The CHAIRMAN. The resolution under which we are proceeding calls upon us to make "a complete and thorough investigation of the interior department of the Philippine Government, touching the administration of Philippine lands and all matters of fact and law pertaining thereto." I do not think we have much to do with the relations of Mr. Henry W. Taft with anybody else. I think, Mr. Hammond, that your statements will probably answer your purpose, and I think we would rather not go into outside matters if we can avoid it. Mr. Henry W. Taft's letter has the same publicity in the Congressional Record that Mr. Martin's speech has.

Mr. HAMMOND. One is based on knowledge and one is apparently based on newspaper reports.

The CHAIRMAN. If the subject is opened we shall be glad to remember your request that that go into the record.

I want to ask you one question. Have you ever been in the Philippines?

Mr. HAMMOND. I have never been in the Philippines. I would like to state further that I have never conferred with Mr. Wickersham on the subject and that Mr. Wickersham has never shared in the small fee we received, and I was the only member of the firm who had anything to do with the matter in any way whatsoever.

The CHAIRMAN. Representative Martin, the author of the resolution, desires to ask the witness a very few questions, and if there be no objection he may be considered authorized to do so as heretofore; that is, to ask questions pertinent to the resolution under which we are proceeding.

Mr. MARTIN. How long, did you say, Mr. Hammond, you had been connected with the firm?

Mr. HAMMOND. Shortly after the 1st of March, 1909.

Mr. MARTIN. That was about the time that Mr. Wickersham went out?

Mr. HAMMOND. It was just after he went out.

Mr. MARTIN. And you had, prior to that time, been practicing by yourself?

Mr. HAMMOND. I had.

Mr. MARTIN. How long have you known Mr. Horace Havemeyer?

Mr. HAMMOND. Since the 16th day of August, 1909.

Mr. MARTIN. You had never met him personally prior to that time?

Mr. HAMMOND. I had not.

Mr. MARTIN. Your firm, however, knew Mr. Havemeyer very well, did it not, prior to that time?

Mr. HAMMOND. I do not think any member of the firm had ever met Mr. Havemeyer before that time; that is my impression.

Mr. MARTIN. You referred to the litigation in which Mr. Johnson represented the American Sugar Refining Co. Is that the litigation it became involved in on account of the Pennsylvania Sugar Refining Co.—the failure of that company?

Mr. HAMMOND. Well, I had supposed Mr. Johnson had represented them in that and other matters as counsel, and that was one of the matters I referred to.

Mr. MARTIN. But I understood you to say that the firm of Strong & Cadwaladar also represented the American Sugar Refining Co. in that same action?

Mr. HAMMOND. My recollection is that Mr. Henry W. Taft was one of the trial counsel; I do not know about that; that was before I became a member of the firm; that is only hearsay since.

Mr. MARTIN. Do you know whether, in addition to the company itself being a defendant in those actions, the directors were joined as defendants?

The CHAIRMAN. In what way does that affect the interior department of the Philippine Islands?

Mr. MARTIN. Well, what I was getting at is this: I understand that Mr. Horace Havemeyer, a director of the American Sugar Refining Co., was personally made a defendant in those actions, and that the firm of Strong & Cadwalader were associated with the defense, were of counsel for the defense?

Mr. DOUGLAS. What of that?

The CHAIRMAN. How does that affect the matter under inquiry?

Mr. MARTIN. Well, Mr. Hammond might not have known Mr. Horace Havemeyer, but the firm of which he was a member not only knew him, but had acted as his counsel in this litigation.

The CHAIRMAN. Suppose they had?

Mr. MARTIN. If they had, I have been at a loss to understand why Mr. Horace Havemeyer should have needed an introduction from Mr. Johnson to a member of a firm which had acted as his counsel in such important litigation.

Mr. HAMMOND. My understanding is that Mr. Taft had never seen Mr. Havemeyer up to this time; whether he has seen him since that time I do not know.

The CHAIRMAN. Your question or suggestion rather touches upon the credibility of the witness who said his firm did not know Mr. Havemeyer. Is that the idea, Mr. Martin?

Mr. MARTIN. I did not understand Mr. Hammond to say his firm did not know Mr. Havemeyer; he said he did not know Mr. Havemeyer.

The CHAIRMAN. And he said he understood his firm did not know him.

Mr. MARTIN. His firm had been of counsel for the defense in these suits in which Mr. Havemeyer, as a director of the American Sugar Refining Co., was joined as a defendant; I therefore asked whether Mr. Havemeyer was not as well acquainted with this firm as he was with Mr. Johnson and would not need any introduction to a member of the firm of Cadwaladar & Strong.

Mr. HAMMOND. I understand Mr. Havemeyer knows Mr. Johnson very well; I understand he does not know Mr. Taft at all; he may have casually met him in court, or something of that kind. You can ask Mr. Havemeyer about that; he is here. I can not testify to that, of course; I do not know. Mr. Taft was away at this time and therefore he was not there to introduce us. As far as I know, Mr. Havemeyer had never been in the office of Strong & Cadwaladar prior to that time. You can also ask him that; I really do not know.

Mr. MADISON. Was Mr. Johnson's direction to Mr. Havemeyer to see you personally or the firm of Strong & Cadwaladar?

Mr. HAMMOND. Mr. Johnson and I had been associated for years in some other matters, in connection with some litigation in various States, in Texas and other States; for a number of years I was attorney for some bankers and he was senior counsel.

Mr. MADISON. My question was——

Mr. HAMMOND. I was just going to say that Mr. Johnson told Mr. Havemeyer to see Mr. Hammond, or referred him to me; I really do not know what he did tell him; I only know that Mr. Havemeyer stated that Mr. Johnson had referred him to me as a lawyer who might look after the matter, and this was before I became a member of the firm, because Mr. Johnson, in the closing months of 1908 or early in 1909, happened to ask me whether young Mr. Horace Havemeyer had been in to see me. My recollection is it was shortly after Mr. Havemeyer's father's death that the matter happened to impress itself on my mind.

Mr. MARTIN. Where is Mr. Johnson's office?

Mr. HAMMOND. In the Land Title Building, Philadelphia, Pa.

Mr. MARTIN. So when you went to consult with Mr. Johnson about this transaction, who accompanied you?

Mr. HAMMOND. Mr. Welch and Mr. Horace Havemeyer.

Mr. MARTIN. You had to go to Philadelphia?

Mr. HAMMOND. Yes.

Mr. MARTIN. When did you go there first?

Mr. HAMMOND. My recollection is it was about the 18th of September, 1909; that is the only time we did go.

Mr. MARTIN. At that time you had made an investigation of the Philippine land laws?

Mr. HAMMOND. Yes; but my recollection is I did not discuss Philippine laws with Mr. Johnson; I did not feel qualified to pass upon that, because I was not a Manila lawyer. I had looked over the general statutes as to aliens purchasing lands—that is, aliens from the standpoint of non-Filipinos—to ascertain whether there was a limitation on the amount that a corporation could acquire, and matters of that kind, not the question of titles; I had made no investigation on that point.

Mr. MARTIN. That was about September 13 and was after you had called in person at the Insular Bureau at Washington and had been furnished certain information touching Philippine lands and land laws?

Mr. HAMMOND. The only information I got from the Bureau of Insular Affairs was copies of Philippine laws and copies of the first acts, I believe, of the Philippine Legislature and a small pamphlet, as well as the general information that Maj. McIntyre gave me to the effect that no corporation could acquire and hold over 2,500 acres of any kind of land in the Philippines.

Mr. MARTIN. With that information before you, and after an examination of the laws, you still had a doubt in your mind as to the status of the friar lands?

Mr. HAMMOND. As far as purchasing them I had a doubt, because Mr. McIntyre said they were not for sale in large amounts.

Mr. MARTIN. What sort of lands did you talk over at the Insular Bureau?

Mr. HAMMOND. We did not talk over any lands, so far as I recollect, except the general subject of public lands, friar lands, and private lands—that is, we did not talk over lands so much as we did what could be done.

Mr. MARTIN. When was the San Jose estate first mentioned to you?

Mr. HAMMOND. I think it may have come up at almost any of the interviews; that I do not know; my recollection is it was around the 1st of September that Mr. Welch told me he understood the San Jose estate was being offered for sale to one individual.

Mr. MARTIN. Did you not talk over the purchase of that estate at the Insular Bureau?

Mr. HAMMOND. I do not think so, except that I may have asked Maj. McIntyre whether it was being offered for sale to one individual.

Mr. MARTIN. Have you seen Gen. Edwards's statement that you had called there with reference to the purchase of that particular estate?

Mr. HAMMOND. I have not seen that statement, no; but if that statement is made, if correct, it could only relate to my inquiries as to whether or not that was being offered for sale in the Philippines, because that was my information at that time.

Mr. MARTIN. If you were shown a copy of the articles of incorporation of the Mindoro Development Co. could you say whether or not it was substantially the draft that you had made for a corporation to conduct and operate a sugar mill, etc., there?

Mr. HAMMOND. I might be able to do so.

Mr. MARTIN. Do you remember whether the draft you prepared contained a provision to the effect that the proposed corporation could buy, own, and vote the stocks of other corporations and exercise all rights of ownership pertaining thereto?

Mr. HAMMOND. I think it did, because every corporation I have formed has that right; my recollection is that we do that now.

Mr. MARTIN. Before going into this matter at all you addressed Mr. Henry W. Taft about the advisability of so doing, did you not?

Mr. HAMMOND. I do not think I wrote Mr. Taft until the 30th of August.

Mr. MARTIN. Mr. Taft, in this letter that you refer to as having been sent to Mr. Bennet, stated that you wrote him and asked whether

he thought there was any objection to your acting in the matter, and that he answered that he saw no harm in it if it did not "involve our securing from either the Philippine or the United States Government any action resting in discretion." Now, what consultations, personally, if any, did you have with Mr. Taft?

Mr. HAMMOND. I had none; he was away on a vacation.

Mr. MARTIN. Had you at any time prior to your withdrawal or the turning of this matter over to Mr. de Gersdorf had any conversations with Mr. Taft?

Mr. HAMMOND. My recollection is I had none whatever; I do not ever remember talking to him at any time, even afterwards.

Mr. MARTIN. Did you address any letter to him after you addressed this letter in which you asked if there was any objection to your entering into the negotiations?

Mr. HAMMOND. I did; I wrote him that we had withdrawn and turned the matter over to Mr. Leffingwell.

Mr. MARTIN. Then there was nothing that passed between you and Mr. Taft between the time you wrote for his opinion, and secured it, and the time that you wrote as to your withdrawal?

Mr. HAMMOND. I think I may have written him that we were going to withdraw, because I had to write him once or twice a week on firm matters, and I may have referred to the fact that we had determined we would withdraw.

Mr. MARTIN. Now, if you did write him, what reasons did you assign?

Mr. HAMMOND. On the ground that it might involve the exercise of discretion.

Mr. MARTIN. I notice he says in his letter that a time arrived when you thought you ought to retire from the matter, "lest our connection with it would be misconstrued." You meant by that that the time arrived when you came to the conclusion that discretionary action would be involved upon the part of Government officials?

Mr. HAMMOND. Well, I do not know whether it was that or not, but in view of the fact that they expected to buy this estate, or seemed to have it in mind to buy this land, to which the title was defective, and it would be necessary to get that title perfected by the Government, which would involve the exercise of discretion, or if they bought either public lands or friar lands, the question of price would be involved, it seemed to me it would be better to have it looked after by some one against whom nothing of this kind could be raised.

Mr. MARTIN. Did not the doubt in your mind go to the matter of title?

Mr. HAMMOND. I never got that far.

Mr. MARTIN. Did not it go to the question of the laws applying to those lands and your doubt as to the right of the Government to sell friar lands in bulk?

Mr. HAMMOND. No; it did not get that far, because I never got down to the question of title; I did not get that far into the matter. They had sent or had communicated with their representative in the Philippines to find out the situation. I told them that in New York I could not possibly advise them as to titles in the Philippines and that I had not sufficient information at my command to advise them on those points, and they would have to get a lawyer in the Philippines and have him pass upon the legal situation.

Mr. MARTIN. You were in a position to determine the question of law involved?

Mr. HAMMOND. There was no doubt about that in my mind; that was fundamental; it seemed to me that no corporation could buy over 2,500 acres in the Philippines except irrigation companies, my recollection is, or something of that kind; certainly no agricultural corporation could, I think, acquire more than 2,500 acres; there was no doubt about that; I do not think anybody would doubt that, and that was confirmed by what Maj. McIntyre said.

Mr. MARTIN. Mr. Henry W. Taft says, in his letter, that in addition to your letter of October 23, in which you stated that this matter had been turned over to the firm of Cravath, Henderson & De Gersdorff, you wrote four other letters?

Mr. HAMMOND. Four other letters to whom—to the department?

Mr. MARTIN. Four letters to the War Department in addition to the one of October 23. Now, in the letter from the Secretary of War, transmitting full and complete information to the House of Representatives relative to the sale of the friar lands in the Philippine Islands I only find reference to one other letter written by you, which is the letter of September 7, 1909, acknowledging the receipt of certain documents and information from the Bureau of Insular Affairs, and that appears to be the only other letter in addition to the one of October 23, set out in this document. Do you have any recollection about the other three letters?

Mr. HAMMOND. Why, I wrote to them asking for whatever documents they had; I received a letter and replied to it, thanking them for their promise to send forward what documents they had; they sent me copies of pamphlets late in September, which I also acknowledged, and then this letter of October 23, which I acknowledged, and the letter acknowledging the opinion of the attorney general of the Philippines, that I think Maj. McIntyre had referred to and had not in hand, which he sent to me, and which I acknowledged. Those are the only letters I remember.

Mr. MARTIN. That makes how many, all told?

Mr. HAMMOND. I think that is four or five; five, I think.

Mr. MARTIN. If there was no discretion involved in this transaction there would not have been any objection to your firm acting in the matter?

Mr. HAMMOND. Not the slightest that I saw, and Mr. Taft said if it was a question merely of buying land in the Philippines he did not see any reason why we should not act; more than that, we would have to go out of business if we could not represent anybody.

Mr. MARTIN. Do you remember the amount of the fee that was paid for the work you did do?

Mr. HAMMOND. Yes, sir; a thousand dollars.

Mr. MARTIN. Who paid that fee?

Mr. HAMMOND. I think Mr. Welch; I am not sure whose check it was; my recollection is I got Mr. Welch's check.

Mr. MARTIN. You think it was his personal check?

Mr. HAMMOND. That is my impression; I would not say, because it may have been Mr. Welch's check or his firm's check; I do not know.

Mr. MARTIN. It was just signed by one person?

Mr. HAMMOND. That is my recollection; I wrote to Mr. Welch and got the check from Mr. Welch; my impression is Mr. Welch signed it.

Mr. MARTIN. Did you ever see Mr. de Gersdorff in Washington?

Mr. HAMMOND. I never did; no, sir.

Mr. MARTIN. You say you did not consult with him after October 15?

Mr. HAMMOND. After October 13, I think I said; it may have been the 15th, but I thought it was the 13th. I did not consult with him then; I consulted with Mr. Leffingwell, his partner; that is my recollection.

TESTIMONY OF MR. HORACE HAVEMEYER.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Where do you reside?

Mr. HAVEMEYER. Greenwich, Conn.

The CHAIRMAN. What is your business, occupation, or profession?

Mr. HAVEMEYER. I have no particular occupation at the moment, except that of an executor of an estate and the conduct of certain personal affairs.

The CHAIRMAN. You have been mentioned here, Mr. Havemeyer, as being interested in the purchase of the San Jose estate on the island of Mindoro, in the Philippines. Are you the Mr. Havemeyer mentioned in that connection?

Mr. HAVEMEYER. I believe so.

The CHAIRMAN. You were interested in that purchase?

Mr. HAVEMEYER. Yes, sir.

The CHAIRMAN. Who were interested with you in that purchase?

Mr. HAVEMEYER. Mr. Welch and Mr. Senff.

The CHAIRMAN. And who else?

Mr. HAVEMEYER. No one else?

The CHAIRMAN. It was quite a large purchase, a large body of land involving a very considerable amount of money as the consideration?

Mr. HAVEMEYER. Yes; it was a large body of land, and I believe the amount might be considered a large sum; it looked so to me.

The CHAIRMAN. Do you object to stating your object in making the purchase?

Mr. HAVEMEYER. The only object I had in view was an investment in, you might say, the general sugar business. I believe that at the time it was first brought to my attention Congress had passed a law allowing the importation into the United States of 300,000 tons of sugar free of all duty; that being the case, I was immediately—well, that being the case, the Philippine Islands were brought to my attention and I decided to investigate the question of making an investment in the islands, with a view to making sugar.

The CHAIRMAN. Did you contemplate also the erection of a centrale for the manufacture of cane into raw sugar?

Mr. HAVEMEYER. Yes; making sugar; growing cane and making sugar.

The CHAIRMAN. I say, making cane into raw sugar. That would involve a still further expenditure, a larger expenditure of money, would it not?

Mr. HAVEMEYER. Yes.

The CHAIRMAN. Did you three gentlemen contemplate conducting that enterprise yourselves, with your own individual capital?

Mr. HAVEMEYER. The entire enterprise?

The CHAIRMAN. Yes.

Mr. HAVEMEYER. Yes.

The CHAIRMAN. I do not wish to inquire into your financial status more than I have, but were you three gentlemen financially able to conduct so large an enterprise yourselves?

Mr. HAVEMEYER. We thought so.

The CHAIRMAN. And you still think so?

Mr. HAVEMEYER. Well, that is a question; of course, we did not know exactly what the investment would amount to.

The CHAIRMAN. Through whom did you make the purchase?

Mr. HAVEMEYER. Of the San Jose estate?

The CHAIRMAN. Yes.

Mr. HAVEMEYER. I am not familiar with the immediate details; the transaction of the entire business has been left more or less in the hands of Mr. Welch. I believe from hearsay that our agent in the Philippines is Mr. Poole.

The CHAIRMAN. Do you know Mr. Poole?

Mr. HAVEMEYER. Yes, slightly; I have met him twice, I think.

The CHAIRMAN. Why was the purchase or the agreement to purchase made in his name?

Mr. HAVEMEYER. I am not familiar with that.

The CHAIRMAN. Who would be familiar with it?

Mr. HAVEMEYER. Why, I imagine Mr. Welch and Mr. Poole himself.

The CHAIRMAN. Was Mr. Poole interested in the purchase?

Mr. HAVEMEYER. Of the San Jose estate?

The CHAIRMAN. Financially?

Mr. HAVEMEYER. No, sir.

The CHAIRMAN. Were you or were you not at the time of that purchase connected, as a director, with the American Sugar Refining Co., known as the Sugar Trust?

Mr. HAVEMEYER. I was.

The CHAIRMAN. Are you now?

Mr. HAVEMEYER. No, sir.

The CHAIRMAN. State whether or not you mentioned anything to that corporation or to the board of directors about the purchase of this estate, this San Jose estate.

Mr. HAVEMEYER. I did not. When the entire transaction received some attention in the newspapers some remarks were made to me by a member of that board somewhat relating to this investment; I think there were some few words of criticism for taking the action without consulting them; I told them very plainly at that time that I did not think it was any of their business what action I took with regard to an investment, and there the matter dropped.

The CHAIRMAN. Did the American Sugar Refining Co. contribute any part of the purchase money that has already been paid for this estate?

Mr. HAVEMEYER. No, sir.

The CHAIRMAN. Who paid the money which has already been paid in part payment for this estate?

Mr. HAVEMEYER. I contributed my share and I understand the other two gentlemen contributed theirs.

The CHAIRMAN. To whom did you contribute your share—to whom did you give the contribution?

Mr. HAVEMEYER. You mean the individual?

The CHAIRMAN. Yes.

Mr. HAVEMEYER. A deposit was made in the United States Trust Co.

The CHAIRMAN. To whose credit?

Mr. HAVEMEYER. In a joint account, which, I believe, had the name of the Horace Havemeyer, Charles J. Welch, and Charles H. Senff special account.

The CHAIRMAN. Was the payment made by check or draft in that special account?

Mr. HAVEMEYER. I think the deposit was made to the United States Trust Co.; just how the check was drawn I do not recall.

Mr. DOUGLAS. That is, you mean your check for your share of the contribution?

Mr. HAVEMEYER. Yes, sir.

The CHAIRMAN. You mean you made your payment to that special account?

Mr. HAVEMEYER. I am not familiar with just how the check was drawn, in whose name the check was drawn, but it was deposited to the credit of that account in the United States Trust Co.

The CHAIRMAN. You mean your contribution was deposited in that way?

Mr. HAVEMEYER. My contribution.

The CHAIRMAN. Now, I asked you with reference to the check which was drawn by somebody to the proper officer of the Philippine Government in payment of the first installment of the purchase money.

Mr. HAVEMEYER. Well, with that I am not familiar. I think the money for the payment of the first installment on account of the purchase of the San Jose land was transferred to some bank in the Philippines, and that a check was drawn on that bank there, presumably by our agent; but with that I am not familiar.

The CHAIRMAN. In what way was the American Sugar Refining Co. to contribute to this purchase?

Mr. HAVEMEYER. The American Sugar Refining Co.?

The CHAIRMAN. Yes.

Mr. HAVEMEYER. In no way that I know of.

The CHAIRMAN. Was there any agreement or understanding by which that company was to have the sugar, the raw sugar, which should be gotten on the island of Mindoro?

Mr. HAVEMEYER. No, sir.

The CHAIRMAN. Was there any agreement with the American Sugar Refining Co. of any kind, character, or description with reference to this San Jose estate or the land embraced therein?

Mr. HAVEMEYER. None whatever, to my knowledge.

The CHAIRMAN. Do you mean this committee to understand that the American Sugar Refining Co. had no knowledge, information, or part in this purchase?

Mr. HAVEMEYER. They had no information except that of the press.

The CHAIRMAN. Well, that was after the purchase was made.

Mr. HAVEMEYER. Yes; they had no information beforehand, not to my knowledge; they did not secure any such information from me.

The CHAIRMAN. Was it not the intention, whether it was expressed or unexpressed, that this purchase was really in the interest of the American Sugar Refining Co.?

Mr. HAVEMEYER. There was no such intention; my interest was a private investment on my part.

The CHAIRMAN. Do you understand the interests of the other gentlemen to be private interests on their part?

Mr. HAVEMEYER. That was my understanding.

The CHAIRMAN. Did you not understand that they, either one or both of them, were representing the American Sugar Refining Co. in this matter?

Mr. HAVEMEYER. I understood that they did not represent the American Sugar Refining Co.

The CHAIRMAN. Are you connected with the Mindoro Development Co. in any way?

Mr. HAVEMEYER. Yes, sir.

The CHAIRMAN. In what way?

Mr. HAVEMEYER. Well, I am a stockholder and I am also an officer; I hold the office of vice president and treasurer.

The CHAIRMAN. Is the American Sugar Refining Co., or is it not, interested in the Mindoro Development Co.?

Mr. HAVEMEYER. It is not interested in the Mindoro Development Co.

The CHAIRMAN. Has it any contract or agreement with the Mindoro Development Co.?

Mr. HAVEMEYER. None of any kind.

The CHAIRMAN. Are you interested in the San Carlos Agricultural Co., of California?

Mr. HAVEMEYER. No, sir.

The CHAIRMAN. In any way?

Mr. HAVEMEYER. In no way.

The CHAIRMAN. Or with the San Francisco Agricultural Co., of California?

Mr. HAVEMEYER. No, sir; in no way.

The CHAIRMAN. Or with the San Mateo Agricultural Co., of California?

Mr. HAVEMEYER. In no way.

The CHAIRMAN. State, if you know, what relation, if any, Mr. Poole now occupies toward this San Jose estate.

Mr. HAVEMEYER. He represents us in the Philippines, we being the owners of the San Jose estate,

The CHAIRMAN. Is he also connected with the Mindoro Development Co.?

Mr. HAVEMEYER. Yes, sir.

The CHAIRMAN. In what capacity?

Mr. HAVEMEYER. I believe he is the manager.

The CHAIRMAN. Do you know whether or not he is in any way connected with the San Carlos Agricultural Co., of California?

Mr. HAVEMEYER. I do not know; I believe he is, but I do not know.

The CHAIRMAN. In what capacity do you believe him to be connected with it?

Mr. HAVEMEYER. I believe he is their agent.

The CHAIRMAN. How about the San Francisco Agricultural Co., of California?

Mr. HAVEMEYER. It is my impression that the same condition applies there.

The CHAIRMAN. And how about the San Mateo Agricultural Co. of California?

Mr. HAVEMEYER. My impression is the same there.

The CHAIRMAN. Can you explain how it is that you have no relation with these three California companies while your agent, Mr. Poole, is the agent or manager for those companies?

Mr. HAVEMEYER. No; I do not suppose I can.

The CHAIRMAN. Do you know whether they own lands in the Philippines?

Mr. HAVEMEYER. I understand, in a general way, they do, from hearsay.

The CHAIRMAN. Are they on the island of Mindoro?

Mr. HAVEMEYER. That is my impression.

The CHAIRMAN. Well, why do you and those three companies have the same agent or manager?

Mr. HAVEMEYER. I do not know.

The CHAIRMAN. Have you had any correspondence with those three companies, or any of them, or any officer of any of them, with reference to the matter of the employment of Mr. Poole as manager?

Mr. HAVEMEYER. None whatsoever. As I say, the actual work of this entire enterprise has more or less devolved upon Mr. Welch, he being the active man.

The CHAIRMAN. He would know more about the details of the matter than yourself?

Mr. HAVEMEYER. I should say so.

The CHAIRMAN. How did you happen to employ Mr. Hammond in this matter?

Mr. HAVEMEYER. Well, he was recommended to me by Mr. Johnson some few years ago. I asked Mr. Johnson, in one of the conversations I had with him, to give me the name of some good young lawyer in New York; that I had certain matters in mind that I might care to have him take up, and he recommended to me the name of Mr. Hammond. When this Philippine enterprise came into my mind I suggested to Mr. Welch, who was my associate at the time, that Mr. Hammond might be a good man to employ in view of Mr. Johnson's recommendation. After a few days' thought we decided to employ Mr. Hammond. So I either went to see Mr. Hammond alone or in company with Mr. Welch and put the matter before him.

Mr. DOUGLAS. You said that some one connected with the sugar refining company spoke to you with reference to this investment in the Philippines, having seen it in the papers or being advised of it in some way. Do you recall who that was and where the conversation took place?

Mr. HAVEMEYER. It took place at a board meeting. There was some question asked by a member of the board, of the then board.

Mr. DOUGLAS. The conversation to which you have referred took place at a meeting of the board of directors of the American Sugar Refining Co., of which you were then a member?

Mr. HAVEMEYER. Yes, sir.

Mr. DOUGLAS. You were not consulted about their organization in any way?

Mr. HAVEMEYER. No, sir.

Mr. DOUGLAS. And have no interest in them?

Mr. HAVEMEYER. I have no financial interest in them.

Mr. DOUGLAS. Have you ever heard them mentioned, as you now recall, by any of your associates, Mr. Welch or Mr. Senff?

Mr. HAVEMEYER. I recall hearing them mentioned by Mr. Welch, but not by Mr. Senff.

Mr. DOUGLAS. Well, do you know whether Mr. Welch is interested in them?

Mr. HAVEMEYER. I do not.

Mr. HAMILTON. Mr. Havemeyer, I understand that you, Welch, and Senff deposited in the United States Trust Co. a certain sum, which formed a separate account to be used for the purchase of this San Jose estate?

Mr. HAVEMEYER. That is my impression.

Mr. HAMILTON. How did you and Mr. Welch and Mr. Senff propose to get title to that estate? Was the deed to run to you jointly, or how?

Mr. HAVEMEYER. That I am not familiar with.

Mr. HAMILTON. When it was finally consummated?

Mr. HAVEMEYER. I am not sure that the deed has been given; it is a matter that was left in the discretion of our lawyer.

Mr. HAMILTON. Did you understand you were to be organized into a corporation?

Mr. HAVEMEYER. Regarding the purchase of that estate?

Mr. HAMILTON. Yes.

Mr. HAVEMEYER. My understanding was that that was not allowed.

Mr. HAMILTON. I simply desired to inquire how you proposed to finally get the title in the San Jose estate?

Mr. HAVEMEYER. Well, as I say, I left that, as far as I am concerned, entirely in the discretion of my lawyer.

Mr. HAMILTON. And the only persons interested in obtaining title to that estate, as I understand you, were you three gentlemen, Mr. Welch, Mr. Senff, and yourself?

Mr. HAVEMEYER. Yes, sir.

Mr. HAMILTON. What is your age, Mr. Havemeyer?

Mr. HAVEMEYER. I am 24.

(Recess until 2 o'clock p. m.)

AFTER RECESS.

The committee reconvened at 2 o'clock p. m., but immediately adjourned to meet at 10 o'clock to-morrow morning.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INSULAR AFFAIRS,
Thursday, January 12, 1911.

The committee met at 10 o'clock a. m., Hon. Marlin E. Olmsted (chairman) presiding.

The following members of the committee were present: Messrs. Olmsted (chairman), Hamilton, Graham, Parsons, Madison, Douglas, Jones, Page, Garrett, Denver, Fornes, Helm, and Rucker.

TESTIMONY OF HORACE HAVEMEYER—Continued.

The CHAIRMAN. You testified that you are, or have been, a director in the American Sugar Refining Co.?

Mr. HAVEMEYER. I have been a director; I am a director no longer.

The CHAIRMAN. You stated, I think, that the American Sugar Refining Co. was not concerned in the purchase of the San Jose estate?

Mr. HAVEMEYER. No, sir.

The CHAIRMAN. Has it at any time since its purchase acquired an interest in it?

Mr. HAVEMEYER. No, sir.

The CHAIRMAN. Can you state whether the American Sugar Refining Co. has purchased or leased or acquired any interest in any lands in the Philippine Islands?

Mr. HAVEMEYER. Not to my knowledge.

The CHAIRMAN. Will you state whether you are interested in any lands in the Philippines aside from the San Jose estate?

Mr. HAVEMEYER. Well, it might be considered that I was interested in the lands owned by the Mindoro Development Co., which are a part of the San Jose estate.

The CHAIRMAN. Have you any interest, direct or indirect, in all or any portion of the Calamba estate?

Mr. HAVEMEYER. No, sir; none at all.

The CHAIRMAN. Do you know a Mr. Thayer?

Mr. HAVEMEYER. No, sir.

The CHAIRMAN. I do not remember his first name. Yes; it is A. F. Thayer—do you know him?

Mr. HAVEMEYER. No, sir.

The CHAIRMAN. Have you any interest with him in any lands in the Philippines?

Mr. HAVEMEYER. No, sir.

The CHAIRMAN. Has he in any way represented you in the purchase of lands or of obtaining options upon any lands in the Philippines?

Mr. HAVEMEYER. No, sir.

The CHAIRMAN. Have you any interest in any estate of friar lands in the Philippines outside of the Mindoro Island property?

Mr. HAVEMEYER. No, sir.

The CHAIRMAN. You stated, I think, that you are the vice-president of the Mindoro Development Co.?

Mr. HAVEMEYER. Yes, sir.

The CHAIRMAN. Have you the books, papers, and accounts of that company here?

Mr. HAVEMEYER. I have not; they are in the custody of the president.

The CHAIRMAN. Is he here?

Mr. HAVEMEYER. Yes; Mr. Welch.

The CHAIRMAN. Mr. Welch is the president?

Mr. HAVEMEYER. Yes, sir.

Mr. JONES. Mr. Havemeyer, when did your connection as a director in the American Sugar Refining Co. cease?

Mr. HAVEMEYER. On the 1st of January of this year, 1911.

Mr. JONES. You were, then, a director in the so-called sugar trust when you entered upon the negotiations for the purchase of this San Jose estate on the Island of Mindoro, in the Philippine Islands?

Mr. HAVEMEYER. Yes, sir.

Mr. JONES. Your father, I believe, was the president of the American Sugar Trust?

Mr. HAVEMEYER. Yes, sir.

Mr. JONES. Was he living at the time you entered into this transaction?

Mr. HAVEMEYER. No, sir.

Mr. JONES. What connection, if any, did your resignation as a director have with the fact that you were questioned, at the director's meeting to which you referred, by your brother directors with reference to your purchase of these lands?

Mr. HAVEMEYER. I do not think it had any reference to my resignation.

Mr. JONES. You mean to say, then, that the fact that you had become connected with this sugar business in the Philippine Islands had no connection at all with your resignation as a director?

Mr. HAVEMEYER. No, sir.

Mr. JONES. What improvements have been placed upon the San Jose estate?

Mr. HAVEMEYER. I am not familiar with the details of those improvements. They can be better explained by either Mr. Welch or our representatives in the islands.

Mr. JONES. Have you begun the cultivation of cane on this estate?

Mr. HAVEMEYER. That is my impression, but I do not know it to be a fact.

Mr. JONES. What has the Mindoro Development Co. done in the way of erecting a sugar plant?

Mr. HAVEMEYER. A contract was made for the erection of a sugar plant with, I believe, the Honolulu Iron Works, and I am under the impression the factory is in process of erection, but I am not exactly familiar with the situation.

Mr. JONES. What has been done in the way of building a railroad from the factory to the port of entry, and in the way of constructing docks and wharves?

Mr. HAVEMEYER. It is my impression that a wharf has been built and a railroad is being built.

Mr. JONES. Can you give us any idea as to the amount of money that has been expended up to this time in that project?

Mr. HAVEMEYER. Mr. Welch can; I can not.

Mr. JONES. I understood you to say that Mr. Welch, Mr. Senff, and yourself owned this entire property; that as the members of a corporation you owned the Mindoro Development Co., and as individuals you own the agricultural lands; is that so?

Mr. HAVEMEYER. As individuals we own the San Jose estate; we are also interested in the Mindoro Development Co.

Mr. JONES. You are not the sole owners of the Mindoro Development Co.?

Mr. HAVEMEYER. To my knowledge, no.

Mr. JONES. Who is associated with you three gentlemen in the ownership of the Mindoro Development Co.?

Mr. HAVEMEYER. Well, the only outside ownership that I know of is that of my cousin, Mr. H. O. Havemeyer; he owns 50 shares of stock.

Mr. JONES. Then, so far as you know, the entire stock of that corporation is owned by Mr. Senff, Mr. Welch, your cousin, Mr. H. O. Havemeyer, and yourself?

Mr. HAVEMEYER. So far as I know.

Mr. JONES. Has Mr. H. O. Havemeyer any interest in any agricultural lands in the Philippines?

Mr. HAVEMEYER. None that I know of.

Mr. JONES. He has no interest in the San Jose estate?

Mr. HAVEMEYER. No.

Mr. JONES. To whom do you expect to dispose of the sugar which you manufacture at this plant?

Mr. HAVEMEYER. At the moment we have not determined that. It is natural to assume that the greater part of the sugar will be marketed in the United States, by reason of the fact that 300,000 tons of sugar can be imported into the United States free of duty; if the sugar is sold in the United States it will be sold to the highest bidder in open market.

Mr. JONES. It is true now, is it not, that all of that product could be sold in the United States free of duty?

Mr. HAVEMEYER. Not necessarily.

Mr. JONES. Is there any limitation on the amount of sugar that can be brought into the United States from the Philippines now free of duty?

Mr. HAVEMEYER. My impression is 300,000 tons is the limit.

Mr. JONES. Mr. Havemeyer, who first brought to your attention the subject of investing in sugar lands in the Philippine Islands and going into the manufacture of sugar there?

Mr. HAVEMEYER. I think it was a creation of my own mind, by reason of the fact that the tariff allowed the importation of sugar free of duty; it is possible it might have been suggested by Mr. Welch in conversations I had with him; it is also possible I may have suggested it to him. Perhaps his memory on that particular point is better than mine.

Mr. JONES. At any rate, the idea originated with Mr. Welch and yourself, between you two?

Mr. HAVEMEYER. Yes.

Mr. JONES. How did Mr. Senff become interested in the matter?

Mr. HAVEMEYER. I put the subject before him and asked him if he cared to invest in the Philippine Islands, and he said he did.

Mr. JONES. Is Mr. Senff in the sugar business?

Mr. HAVEMEYER. He is connected with it; well, this is a belief; my information is based on belief; I think he is connected with the sugar industry in Porto Rico.

Mr. JONES. He is a man of considerable means?

Mr. HAVEMEYER. I believe so, but I do not know even approximately what he is worth.

Mr. JONES. Is Mr. Welch engaged in the sugar business anywhere?

Mr. HAVEMEYER. That is my impression.

Mr. JONES. Is he in any way connected with the American Sugar Refining Co.?

Mr. HAVEMEYER. Not to my knowledge.

Mr. JONES. Has he ever been?

Mr. HAVEMEYER. Not to my knowledge.

Mr. JONES. You say your connection with that company as a director has ceased. Are you financially interested in that company at this time?

Mr. HAVEMEYER. Do you mean whether I own stock?

Mr. JONES. Yes.

Mr. HAVEMEYER. Without seeming to be a reluctant witness, it seems to me that is a very personal question. If I am directed to answer, I will be very glad to do so.

Mr. JONES. I am not especially anxious to have you answer it if you have any hesitancy about it; if you say you would rather not make a statement in regard to that, I will not press the question.

Mr. HAVEMEYER. I am to be governed by the wishes of the committee.

Mr. JONES. Well, I leave it entirely with you; if you do not care to answer the question, I withdraw the question.

Mr. HAVEMEYER. I should prefer not to answer.

Mr. JONES. You prefer not? Very well. Is Mr. H. O. Havemeyer connected in any way at this time with the American Sugar Refining Co.?

Mr. HAVEMEYER. Not to my knowledge.

Mr. JONES. Has he ever been?

Mr. HAVEMEYER. I believe he was in their employ for a period of time.

Mr. JONES. When did his connection as an employee of that company cease?

Mr. HAVEMEYER. Some five or six years ago; it may be longer.

Mr. JONES. Has he been engaged in the sugar business anywhere since that time?

Mr. HAVEMEYER. To my knowledge not actively; he may own an interest in certain sugar properties.

Mr. JONES. What property, for instance?

Mr. HAVEMEYER. I do not know; I say it is possible he may.

Mr. JONES. You do not know, then, that he does own any stock in any company interested in the manufacture of sugar?

Mr. HAVEMEYER. None, except this Mindoro Development Co.

Mr. JONES. You said, Mr. Havemeyer, in view of what occurred at the directors' meeting at which you were questioned on the sub-

ject of your going into the sugar business in the Philippine Islands, that the objection seemed to be that it gave publicity to the affairs of the American Sugar Refining Co. Is it your opinion that if this matter could have been kept out of the newspapers and no publicity given to it there would have been no objection on the part of those directors to your going into this enterprise?

Mr. HAVEMEYER. I never considered that circumstance. It was my presumption, in the first place, that there would be no objection to it.

Mr. JONES. But you were questioned quite closely by one or two members of the committee as to what the objection was based upon and you always said it was based upon the objection to the publicity which was given to the subject. Now, what I want to know is whether there would have been any objection on the part of your associates in the corporation, in your opinion, if there had been no publicity attaching to your investment in the Philippine Islands?

Mr. HAVEMEYER. It is possible there might have been a natural jealousy.

Mr. JONES. You think, then, that the great American Sugar Refining Co. might have been jealous of your proposed venture in the manufacture of sugar in the Philippine Islands?

Mr. HAVEMEYER. Not necessarily the company, but the individual directors.

Mr. JONES. The individual directors generally speak for the company, do they not?

Mr. HAVEMEYER. Not as individuals.

Mr. JONES. You do not mean to convey the idea, I suppose, Mr. Havemeyer, that the American Sugar Refining Co. is so jealous of its monopoly of producing sugar that it was opposed to your going into the Philippine Islands and producing 300,000 tons of sugar there to come in competition with its product; is that the idea you want to convey to this committee?

Mr. HAVEMEYER. No; I do not think so. The American Sugar Refining Co., while I was a director, did not engage in the production of sugar or sugar cane, to my knowledge.

Mr. JONES. It bought the raw product and refined it, did it not?

Mr. HAVEMEYER. It bought raw sugar and refined it.

Mr. JONES. Well, what did you mean, then, by saying that it was probably jealousy on the part of the directors which prompted them to object to your going into the sugar business in the Philippine Islands? You were not going to refine sugar there, were you?

Mr. HAVEMEYER. Possibly; we do not know exactly what we will do.

Mr. JONES. Well, the possibility that you might refine sugar to the extent of 300,000 tons, then, in your opinion caused the directors of the company of which you were then a director to be jealous of you?

Mr. HAVEMEYER. No; I said it was my opinion that there might be a natural jealousy on their part; my opinion is based upon belief.

Mr. JONES. That is your opinion?

Mr. HAVEMEYER. By reason of the fact that the investment might prove profitable and they would like to have a share in it, individually, and not as a company.

Mr. JONES. Then you want to give the impression that the directors, who were the official representatives of this company in their

individual capacities, were jealous of your enterprise because in their opinion it might prove profitable, and they, as directors, individually, and not as representatives of the company, would be precluded from sharing in that profit?

Mr. HAVEMEYER. I stated that it was my opinion that there might be a natural jealousy on account of the objection that was raised. You asked me for my opinion.

Mr. JONES. That is all I want, your opinion; and it is your honest opinion which you have given us. On yesterday, as a result of the questions which were asked, you put it entirely on the ground of the publicity which was given to the thing, the undesirable notoriety, so to speak; now you think that was not the only reason, but that the real reason may have been that these directors were jealous of you because they believed that you might develop a profitable industry in which they would not be permitted to participate as individuals and not as representatives of the sugar refining trust?

Mr. HAVEMEYER. Well, my opinion is really based on belief.

Mr. JONES. I understand that is your belief. Were you acting upon that belief when you severed your connection with the American Sugar Refining Co.?

Mr. HAVEMEYER. No, sir.

Mr. JONES. That had nothing to do with your leaving the directorate of that company—the fact that you were going into the sugar business in the Philippine Islands?

Mr. HAVEMEYER. Nothing whatever.

Mr. JONES. How long have you known Mr. Poole, your agent in the Philippine Islands?

Mr. HAVEMEYER. As near as I can recall I met him about two or three years ago.

Mr. JONES. You are certain that he did not bring this matter to your attention?

Mr. HAVEMEYER. Quite certain.

Mr. JONES. How did you happen to get him as your agent out there?

Mr. HAVEMEYER. As I understand the matter, he was an employee on a plantation in which we are interested in Cuba.

Mr. JONES. When you say “we are interested in Cuba,” to whom do you refer?

Mr. HAVEMEYER. Mr. Welch and Mr. Senff.

Mr. JONES. And yourself?

Mr. HAVEMEYER. And myself.

Mr. JONES. Then Mr. Welch, Mr. Senff, and yourself are engaged in the sugar business in Cuba?

Mr. HAVEMEYER. Yes, sir.

Mr. JONES. Is that a corporation?

Mr. HAVEMEYER. Yes.

Mr. JONES. Who are the members of that corporation aside from you three gentlemen?

Mr. HAVEMEYER. I believe a Mr. Harrison, of Philadelphia, is a member of the corporation.

Mr. JONES. In what business are you engaged in Cuba—the raising of cane or the manufacture of sugar?

Mr. HAVEMEYER. We raise cane there and manufacture sugar.

Mr. JONES. Do you refine sugar there?

MR. HAVEMEYER. No, sir.

MR. JONES. Where do you dispose of the product of those mills?

MR. HAVEMEYER. In the American market, principally.

MR. JONES. Who is the principal purchaser?

MR. HAVEMEYER. I am not familiar with that; the details of the sale of the sugar are in the hands of the president of the company.

MR. JONES. Who is the president of the company?

MR. HAVEMEYER. Mr. Welch.

MR. JONES. Mr. Welch, then, is the president of the company in Cuba as well as of the company in the Philippines?

MR. HAVEMEYER. Yes, sir.

MR. JONES. Is it not a fact, Mr. Havemeyer, that the bulk of your product in Cuba goes to the American Sugar Refining Co.?

MR. HAVEMEYER. If it is a fact, I am not familiar with it.

MR. JONES. You do not know of the existence of any contract by which you dispose of that sugar to the American Sugar Refining Co.?

MR. HAVEMEYER. No, sir.

MR. JONES. And you do not know of your knowledge whether that concern gets the bulk of your product?

MR. HAVEMEYER. No, sir.

MR. JONES. You say this Mr. Poole was an employee of that company; in what capacity was he employed?

MR. HAVEMEYER. I believe—and my belief is based purely upon hearsay—he was connected with the agricultural department of that company, that Cuban company.

MR. JONES. How long have you been connected with that Cuban company?

MR. HAVEMEYER. I believe individually I have been connected with the company about three years.

MR. JONES. Can you tell me about what is the annual production of that company?

MR. HAVEMEYER. Roughly, about 75,000 bags, between 75,000 and 100,000.

MR. JONES. Did any of the directors of the American Sugar Refining Co. object to your going into that concern down there?

MR. HAVEMEYER. No; they did not.

MR. JONES. Did they have any knowledge of the fact that you were engaged in the manufacture of sugar in Cuba?

MR. HAVEMEYER. I presume so; it is very likely they did.

MR. JONES. There was not, however, the same publicity given to that as there has been to the Philippine venture?

MR. HAVEMEYER. Not as yet.

MR. JONES. You are not anticipating anything of the sort, are you?

MR. HAVEMEYER. Well, I am prepared for almost anything, in my short experience in business life.

MR. JONES. That had nothing to do with your getting out of the directorate of the American Sugar Refining Co., had it—that you anticipated there might be some trouble down there?

MR. HAVEMEYER. No, sir.

MR. JONES. Was Mr. Poole ever connected with the American Sugar Refining Co.?

MR. HAVEMEYER. Not to my knowledge; I am quite sure he was not.

MR. JONES. Who is Mr. Prentiss, whose name has been mentioned in this examination so frequently?

Mr. HAVEMEYER. Well, he was also an employee of this Cuban company. I presume that is what you want to know?

Mr. JONES. Well, I want to know all about it that you can tell us. He was also an employee of the Cuban company?

Mr. HAVEMEYER. Yes, sir.

Mr. JONES. In what capacity?

Mr. HAVEMEYER. I believe he was connected with the administration; I am not quite familiar with what his exact position was.

Mr. JONES. Has he the same position in the Philippines that he had in Cuba?

Mr. HAVEMEYER. No; I do not think he has.

Mr. JONES. One of the witnesses in speaking of him said he supposed he was the cashier, I think it was either Mr. Carpenter or Capt. Sleeper, that he was regarded as the cashier of the company, but he did not know exactly what his business title was?

Mr. HAVEMEYER. Mr. Prentiss is the assistant manager of the Mindoro Development Co.

Mr. JONES. Mr. Poole is the manager and Mr. Prentiss is the assistant manager?

Mr. HAVEMEYER. Yes, sir.

Mr. JONES. What connection have they with the San Jose estate?

Mr. HAVEMEYER. Well, it is my belief that Mr. Poole is the manager of the San Jose estate, but I may be wrong. Mr. Welch can give you more accurate information on that subject, because he is the executive officer of the company and manages its affairs.

Mr. JONES. Who is the treasurer or financial officer of the company in the Philippines?

Mr. HAVEMEYER. I am the treasurer of the Mindoro Development Co.

Mr. JONES. But you have never been out to the Philippines, I believe?

Mr. HAVEMEYER. No, sir.

Mr. JONES. Who acts in that capacity in the Philippines? Who is the cashier or paymaster or financial agent of the company in the Philippines?

Mr. HAVEMEYER. It is my belief that both Mr. Poole and Mr. Prentiss have the power to act in that capacity; I may be mistaken as to Mr. Prentiss. I would rather you get Mr. Welch's testimony on that.

Mr. JONES. You know that Mr. Poole acts in that capacity?

Mr. HAVEMEYER. Yes; that is my understanding of the matter.

Mr. JONES. Has he authority to draw checks?

Mr. HAVEMEYER. I think so.

Mr. JONES. In payment for lands and labor and all sorts of contracts?

Mr. HAVEMEYER. Well, he has general authority to draw checks for the expense of the business for any large contracts or purchases of lands, or anything of that kind; I should imagine he would be required to secure direct authority from the office in New York. I do not believe his powers are as broad as that.

Mr. JONES. Has Mr. Prentiss ever had any connection with the American Sugar Refining Co.?

Mr. HAVEMEYER. Not to my knowledge, and I am quite sure he has not.

Mr. JONES. Who is this Mr. Harrison that you say is interested with you and Mr. Senff and Mr. Welch in the Cuban venture; is he a sugar man?

Mr. HAVEMEYER. Yes; he is a resident of Philadelphia; I believe he resides there.

Mr. JONES. Has he any interest now, or did he ever have any interest, in the American Sugar Refining Co.?

Mr. HAVEMEYER. I really could not say whether he has any interest now; it is the general belief that he has.

Mr. JONES. What interest?

Mr. HAVEMEYER. I presume a stockholder.

Mr. JONES. Has he ever been an employee or an officer of the American Sugar Refining Co.?

Mr. HAVEMEYER. He may have been; I do not know.

Mr. JONES. Why do you say he may have been?

Mr. HAVEMEYER. Because the American Sugar Refining Co. has been organized for a number of years, and I have only been connected with it in any capacity for about seven years, and during the first part of it, of course, I was not even familiar with the details; I was merely under a course of instruction; I was there by sufferance.

Mr. JONES. Did you know him at that time as having any connection or any interest in the American Sugar Refining Company?

Mr. HAVEMEYER. At what time?

Mr. JONES. At the time you began to have some business relations with the company, some seven years ago?

Mr. HAVEMEYER. No; I do not think that I was aware.

Mr. JONES. Well, what caused you to have the impression that he had been connected with that company?

Mr. HAVEMEYER. Probably hearsay; by conversation, perhaps, with certain individuals; I do not recall the circumstances, except that I have an impression in my mind.

Mr. JONES. You have an impression in your mind that he was connected with that company in some capacity at some time?

Mr. HAVEMEYER. I have the impression that he is a stockholder in that company and may have been connected with the company in an official capacity.

Mr. JONES. Is he a large or a small stockholder?

Mr. HAVEMEYER. It is my impression he is a stockholder of moderate size, but I could not say to what extent, because I do not know.

Mr. JONES. Is Mr. Senff a stockholder in that company?

Mr. HAVEMEYER. I really could not say; it is my impression he is.

Mr. JONES. Is Mr. Welch a stockholder in that company?

Mr. HAVEMEYER. That I do not know.

Mr. JONES. Is it your impression that he is?

Mr. HAVEMEYER. No; I do not say that he is.

Mr. JONES. Then, it seems from your testimony, that some of the gentlemen, at least, who are connected with this sugar project in the Philippine Islands, are actively interested in the American Sugar Refining Co., and that the others, it is your impression, are not interested in the company with the exception of Mr. Welch, and you have no impression one way or the other so far as he is concerned?

Mr. HAVEMEYER. Yes; I may have an interest myself—a stock interest—but as long as you did not ask the information I preferred not to say.

Mr. JONES. Yes; I withdrew that question because you seemed not to care to speak of your own relations with the company. You said something about a conversation had between Mr. Johnson and yourself, in which you said to him that you had some matters in hand connected with the Philippines; did you or not tell him what those matters were?

Mr. HAVEMEYER. I did not tell him.

Mr. JONES. Was that the only conversation you ever had with him on the subject?

Mr. HAVEMEYER. On what subject?

Mr. JONES. Of your purchase in the Philippine Islands; your investment in the Philippine Islands?

Mr. HAVEMEYER. I had no conversation with him at that time in regard to my investment in the Philippine Islands, because I did not know that I was going to make an investment.

Mr. JONES. Did you subsequently have any conversation with him on that subject?

Mr. HAVEMEYER. Oh, yes.

Mr. JONES. Have you had many conversations with him on that subject?

Mr. HAVEMEYER. No; I have had very few.

Mr. JONES. Have you consulted him with reference to the legality of the enterprise?

Mr. HAVEMEYER. You mean of the purchase of the land?

Mr. JONES. Yes.

Mr. HAVEMEYER. No, sir.

Mr. JONES. Did he never give you any information as to the quantity of land you could hold in the Philippines?

Mr. HAVEMEYER. No, sir.

Mr. JONES. Was he ever consulted as to whether or not there might be some device by which you could get around the statutory limitations as to the amount of land that could be held by a corporation for agricultural purposes in the Philippines?

Mr. HAVEMEYER. No, sir. It has been my desire, strange as it may seem, in making this investment, to conform to the law. I have not sought the advice of any man on the question of trying to evade the law, but rather to conform to it.

Mr. JONES. You are aware, as a business man, and as a man who has a variety of enterprises, which are located in both hemispheres, that there has been an open violation of the letter of the law down in Cuba and down in Porto Rico, are you not, and that the restrictions down there are openly disregarded, simply because there are no penalties attaching, and those who have disregarded them say "We can not be punished and we do not purpose to be hampered by these restrictions." You are aware that is the case down there, are you not?

Mr. HAVEMEYER. I have no interest in Porto Rico and I am not aware of the conditions there, and I very much doubt, and would be very much surprised to hear of any violation of the law in Cuba; I really do not think it is so.

Mr. JONES. It certainly is so in Porto Rico.

Mr. DOUGLAS. I entirely differ with you. It is true that men down there hold in common more than any one corporation could hold, but that the law has been violated I do not think is so.

Mr. JONES. It has been stated here, over and over again, that inasmuch as there were no penalties attached to that law its provisions were absolutely disregarded.

Mr. MADISON. The Secretary of War testified to that.

Mr. JONES. Secretary of War Dickinson said so himself, and that is all I am contending for, and I want to know from Mr. Havemeyer whether the same conditions exist or whether there is an attempt to do the same things in the Philippines, or a desire to do the same things in the Philippines that are openly done, flagrantly done, as I understand, in Porto Rico.

Mr. HAVEMEYER. I am not familiar with the conditions in Porto Rico at all. I know that it is our desire in the Philippines to conform to the law; I know nothing about Porto Rico.

Mr. JONES. I simply made the statement to you in regard to Porto Rico because you seemed to think it was somewhat of an imputation upon you when I suggested that there might be such an attempt made in the Philippines. I understand that the business people who do these things in Porto Rico do not regard them as disreputable, these acts, and they do them openly and publicly.

Mr. DOUGLAS. You are constantly making statements in the record that ought to come from the witness.

Mr. JONES. You say, Mr. Havemeyer, that you have not consulted any attorneys with a view to preparing some device by which more lands could be held in the Philippine Islands than the limitations of the law provides for?

Mr. HAVEMEYER. Well, not exactly; I consulted with attorneys as to how land in the Philippines could be owned legally, but not Mr. Johnson.

Mr. DOUGLAS. I want to ask you just two or three questions with reference to your suggestion that you did not want to answer the question about your holding of stock, whether you held it or did not, in the American Sugar Refining Co. Has your desire in that matter, not to answer, anything whatever to do with the fact that you are interested in this property in the Philippines, and therefore wish to conceal the fact that you are a member, if so, of the American Sugar Refining Co.?

Mr. HAVEMEYER. No, sir. It has not. In saying I preferred not to answer I was more or less actuated by personal reasons, but I want it clearly understood that I am here to meet the wishes of the committee; if they wish that information, I will give it.

Mr. DOUGLAS. Whether you give it or not has no reference to the fact that you are not at present interested in the American Sugar Refining Co.?

Mr. HAVEMEYER. No, sir.

Mr. DOUGLAS. Mr. Jones in examining you used the word "publicity" with reference to the conversation you had with one of the directors of the company, after you had made the investment in the Philippines, as though the men with whom you talked objected to the fact that your investment in the Philippines had become public information. Did you attempt to conceal, or have any disposition

to keep concealed, the fact that you had invested in the Philippine Islands?

Mr. HAVEMEYER. Not necessarily; no.

Mr. DOUGLAS. Any more than that privacy which every man probably exercises with reference to his own affairs? Were you aware of any necessity for keeping concealed your operations in the Philippines?

Mr. HAVEMEYER. Merely a natural reluctance not to have my private affairs become public.

Mr. DOUGLAS. As I understood you—and I will try to state it as Mr. Jones undertook to state it from his point of view—the member of the board, whoever it was, in speaking to you about the purchase of this large estate in the Philippines and engaging there in business, objected rather on account of the fact that the affairs of the Sugar Refining Co. were being investigated in the courts and the subject of animadversions and criticisms in the newspapers, and he thought the purchase of this large property by one who was a director of the company might add fuel to that flame, is that the fact?

Mr. HAVEMEYER. No; it was my impression that he had in mind the publicity of charges that were untrue, to his knowledge and belief. Charges were made that the American Sugar Refining Co. was interested in the Philippines, and these charges, so far as the American Sugar Refining Co. was concerned, seemed to be unjust, because they had no such interest.

Mr. DOUGLAS. Now, as I understand it, the American Sugar Refining Co., you said, were refiners of raw sugar, of brown sugar, or whatever you call it?

Mr. HAVEMEYER. That is their principal business.

Mr. DOUGLAS. To what extent has it as a company, so far as you know, engaged in the production and growth of cane, and in the production of sugar, if at all, and where?

Mr. HAVEMEYER. It is my belief it has no interest in the growing of cane, sugar cane, and the production of raw sugar from that cane. I believe it is interested in the stocks of beet-sugar companies, and that is a matter of record, and so published in their statements.

Mr. DOUGLAS. The Harrison that was spoken of is a member of the Harrison family that has for a long time been connected with the sugar-refining business?

Mr. HAVEMEYER. He is connected with that family.

Mr. DOUGLAS. Just as your own family has been identified for many years with the sugar business in New York the Harrisons have been connected with the sugar business in Philadelphia?

Mr. HAVEMEYER. That is the situation, as I understand it.

Mr. DOUGLAS. You take it for granted that he is a stockholder in the American Sugar Refining Co. for that reason, or do you know as a matter of fact that he is or has been?

Mr. HAVEMEYER. I do not know as a matter of fact; I tried to make that clear, that it is a pure impression.

Mr. MADISON. Under what arrangement or what character of title do you gentlemen really own land in the Philippines?

Mr. HAVEMEYER. I am not familiar with that; the details as to titles, I believe, were left to our lawyers; that is my understanding at the moment. If there has been a deed made, it is made out in the name of Mr. Poole, or his nominees.

Mr. MADISON. Has Mr. Poole ever made any conveyance to any person or corporation as his nominee?

Mr. HAVEMEYER. In regard to that I am not sure.

Mr. MADISON. I will ask as to your impression, your understanding?

Mr. HAVEMEYER. I think there is some such deed, but I may be mistaken. The facts as to that Mr. Welch can testify to, or Mr. De Gersdorff.

Mr. MADISON. Where is that deed?

Mr. HAVEMEYER. If there is one I presume it is here.

Mr. MADISON. Have you and Mr. Welch and Mr. Senff formed any corporation, partnership, or association for the purpose of holding that title?

Mr. HAVEMEYER. No; I do not think so directly. We entered into an agreement regarding our investment in the Philippine Islands, and I had best refer to the agreement.

Mr. MADISON. Is that agreement in writing?

Mr. HAVEMEYER. Yes, sir.

Mr. MADISON. Have you it here?

Mr. HAVEMEYER. I believe there is a copy here.

Mr. MADISON. Can you produce it?

Mr. HAVEMEYER. I think I can if you wish.

Mr. MADISON. I wish you would, and produce any deed.

Mr. HAVEMEYER. This is the agreement [handing paper to Mr. Madison].

(The following is a copy of said agreement:)

This agreement, made and executed this first day of October, nineteen hundred and nine, by and between Horace Havemeyer, of the city of Greenwich, Connecticut; Charles J. Welch, of the city of New York; and Charles H. Senff, of the city of New York, witnesseth:

For a valuable consideration, the receipt whereof is hereby acknowledged, the parties hereto have agreed and do agree as follows:

First. The parties hereto desire to develop the growing of sugar cane and the manufacture of sugar in the Philippine Islands. They contemplate the formation of a corporation (hereinafter referred to as the "Construction Company") under the laws of the State of New Jersey, or of some other State of the United States, or under the laws of the Philippine Islands, for the purpose of purchasing sufficient land in the Philippine Islands, and constructing and equipping thereon a suitable mill for the grinding and refining of sugar, and also for the purpose of the purchase of agricultural machinery and implements; this Construction Company to be capitalized at about the actual cost necessarily involved. They further contemplate the purchase of and agree to purchase, if possible and expedient, either in their own names, or in the names of other individuals acting in their behalf, about twenty-five thousand (25,000) acres of private lands in the Philippine Islands, adjoining or convenient to the location of the said mill, and for this purpose they have sent two representatives to the Philippine Islands to investigate certain available lands, and to cause the titles thereto to be examined. As to such possibility and expediency the holders of two of the three interests herein provided for may determine.

Second. They severally agree each to deposit in United States Trust Company of New York, under an agreement (a copy of which is hereto annexed and marked "Exhibit A"), the sum of forty thousand dollars (\$40,000.00) for the following purposes, viz, for defraying the expenses of said representatives, for purchasing said lands, and for paying all expenses connected therewith; and they further severally agree, proportionately, to deposit in said trust company such further sums as may be necessary for these purposes or any of them immediately upon the development of such necessity, as to which necessity the holders of two of the three interests herein provided for may determine in case of disagreement.

Third. They further severally agree each to subscribe, either in his own name or in the names of individuals acting in their behalf, and to pay for one-third of the capital stock of said Construction Company so to be formed, or each to advance to the said Construction Company one-third of the moneys necessary for the construction and equipment and operation of the said mill and for the purchase of agricultural machinery and implements to cultivate sufficient lands to properly supply said mill with sugar cane, immediately upon the development of such necessity, as to which necessity the holders of two of the three interests herein provided for may determine in case of disagreement.

Fourth. It is intended that each of the parties hereto, his personal representatives, successors, and assigns, shall be entitled to a one-third interest in the said Construction Company and to a one-third interest in said private lands, and that each shall bear one-third of the expenses incurred in the whole undertaking, which it is anticipated will approximate one million dollars.

Fifth. It is further agreed that upon the purchase of said private lands having been made, the parties hereto, or the persons acting in their behalf, as the case may be, as owners of said private lands, will enter into contracts with the said Construction Company, which contracts shall provide that the owners of said private lands, their personal representatives, successors, and assigns, shall promptly begin the cultivation of sugar cane upon said private lands, and that the entire production of sugar cane of said private lands shall be sold to the said Construction Company, its successors or assigns, for a period of five (5) years, with the privilege of four (4) renewals of five (5) years each, at the option of said Construction Company, its successors and assigns, at a price to be fixed by the parties hereto, such contracts to have such further provisions as the parties hereto may determine, or in case of disagreement, by the holders of two of the three interests herein provided for.

Said contracts shall be recorded.

In case of the death of any party hereto, or the sale, lease, or other transfer by him of his portion of said private lands, or any part thereof or any interest therein, the vendees, lessees, heirs, devisees, or transferees, their personal representatives, successors, and assigns, shall be obligated to carry out the terms of said contracts with the said Construction Company, its successors and assigns, in so far as said contracts affect the said lands, or interest therein, so transferred.

Sixth. Upon the completion of the said mill and the plant of said Construction Company, it is understood and agreed that a corporation (hereinafter referred to as the "Sugar Company") shall be formed, with the following powers: viz, to build, buy, own, hold, sell, lease, rent, maintain, operate, and to acquire in any manner and to dispose of manufactories and refineries, houses, barns, stables, and other buildings and structures of all kinds; to manufacture, refine, buy, sell, import and export, deal in, and acquire in any manner and dispose of, sugar and molasses, and other articles of all kinds; to buy, own, hold, sell import, export and deal in, acquire in any manner and dispose of lumber, woods, and in all kinds of agricultural products; to buy, own, hold, sell, lease, rent and deal in, acquire in any manner and dispose of, all kinds of merchandise, machinery and implements; to build, own, hold, buy, sell, lease, rent, maintain and operate, acquire in any manner and dispose of, railroads and tramroads; to build, own, hold, buy, sell, lease, rent, maintain and operate, acquire in any manner and dispose of, lines of steamships and sailing vessels, docks, wharves and warehouses; to borrow and lend money; to build, own, hold, buy, sell, lease, rent, maintain and operate, acquire in any manner and dispose of, irrigating plants, electric and power plants, and to buy and sell water for irrigation power and other purposes, and electricity for power or for heating and lighting purposes; to buy, sell, lease, rent, own and hold, acquire in any manner and dispose of, real and personal property; to invest in, hold, buy, sell, acquire in any manner and dispose of, bonds, stocks, and other securities; and with such other and further powers as may be deemed advisable; and that such Sugar Company shall acquire the assets, property, and plant of of the said Construction Company, including said contracts, and that such Sugar Company shall thereupon issue its stock, in payment for the said assets, property, plant, and contracts, up to the full value thereof, and that such stock shall be equally divided into common and preferred, the preferred to be entitled to eight per cent (8%) noncumulative dividends per annum, and to have preference over the common stock as to dividends and also as to assets.

Seventh. It is further understood and agreed that said private lands shall be valued by the parties hereto and their successors in interest annually, and

in case of disagreement the decision of a majority in interest at the time such valuation is made shall be binding, and that written record shall be made and kept of the same.

In case of a failure to make such valuation at any time, the valuation which shall be binding upon the parties shall be the one last made antecedently to the time of making, as to which there has been a default.

In case of the death of any of the parties hereto, or of any successor in interest prior to the termination of said contracts, the estate of the one so dying shall succeed to all the benefits and advantages and be liable for all the obligations of the party hereto so dying.

Eighth. Neither of the parties hereto, his heirs, personal representatives, successors, or assigns, shall sell or convey his or their interest in said private lands, or any part thereof, without giving to the remaining parties hereto the option to purchase, within one year, his or their interest, on the basis of the last valuation thereof made as hereinbefore stated.

In case of an exercise of the said option by said remaining parties, it shall be the duty of the parties vested with the interest of the party selling to make all conveyances requisite to vest title upon payment of the prices herein stipulated for. By "remaining parties" is to be understood the persons in whom, at the time of such exercise of option, the title to the remaining shares herein provided for is vested.

Ninth. This agreement shall bind and benefit the personal representatives, successors and assigns of the parties hereto.

In witness whereof, the parties hereto have executed this agreement in triplicate the day and year first above written.

HORACE HAVEMEYER.
CHAS. J. WELCH.
CHAS. H. SENFF.

In the presence of:
KENNETH B. HALSTEAD.

STATE OF NEW YORK,
County of New York, ss:

On the first day of October, in the year one thousand nine hundred and nine, before me personally came Horace Havemeyer, Charles J. Welch, and Charles H. Senff, to me known, and known to me to be the same persons described in and who executed the foregoing instrument, and they severally acknowledged to me that they executed the same.

[SEAL.]

KENNETH B. HALSTEAD,
Notary Public, Kings County.
(Certificate filed in New York County.)

EXHIBIT A.

This agreement, dated this ——— day of September, 1909, by and between Horace Havemeyer, Charles J. Welch, and Charles H. Senff, parties of the first part, and United States Trust Company of New York, party of the second part; witnesseth:

For a valuable consideration, the receipt whereof is severally acknowledged, the parties hereto have agreed as follows:

First. The parties of the first part severally agree each to deposit with the party of the second part the sum of forty thousand dollars (\$40,000.00) and such further sums as may be found necessary under article second of an agreement between the parties of the first part hereto of even date herewith.

Second. The party of the second part is hereby authorized and directed to pay out said moneys or any part thereof from time to time upon the check or written order of either one of said parties of the first part.

Third. The parties of the first part agree that said moneys shall be applied in accordance with the terms of article second of the agreement above referred to, and that any balance remaining shall be returned proportionately to the parties of the first part.

Fourth. The party of the second part agrees to allow interest on all moneys held by it hereunder at the rate of two and one-half per centum (2½%) per annum.

Fifth. The party of the second part shall be under no responsibility in the premises except for the safe-keeping of said moneys, and shall not be liable for the application thereof.

Sixth. This agreement shall not terminate upon the death of any of the parties hereto of the first part, and shall bind and benefit their personal representatives, successors, and assigns.

In witness whereof the parties hereto have executed this agreement in quadruplicate, the day and year above written.

HORACE HAVEMEYER,
CHAS. J. WELCH,
CHAS. W. SENFF.

UNITED STATES TRUST COMPANY OF NEW YORK,
By EDWARD W. SHELDON, *President*.

Received of each of the three parties of the first part the sum of \$40,000, to be held under the foregoing agreement.

UNITED STATES TRUST COMPANY OF NEW YORK,
By EDWARD W. SHELDON, *President*.

OCT. 6, 1907.

MR. RUCKER. Mr. Havemeyer, what is the name of this corporation in Cuba in which you are a director?

MR. HAVEMEYER. The one referred to by Mr. Jones?

MR. RUCKER. Yes.

MR. HAVEMEYER. The Cape Cruz Co.

MR. RUCKER. When did you become connected with that and how did you get your interest?

MR. HAVEMEYER. As I recall it, I became connected with it at the time of my father's death; the interest I personally own is nominal.

MR. RUCKER. Then your father was a director and an owner in the company as a stockholder?

MR. HAVEMEYER. I do not think he was a director; he was a stockholder.

MR. RUCKER. Is the American Sugar Refining Co. a stockholder in that company?

MR. HAVEMEYER. No, sir.

MR. RUCKER. You spoke about the American Sugar Refining Co. owning stock in some other sugar companies, did you not, in answer—

MR. HAVEMEYER. I said beet-sugar companies.

MR. RUCKER. Then it does not own any stock in the Cuban corporation?

MR. HAVEMEYER. I think not; I am not perfectly familiar with that.

MR. RUCKER. Outside of the gentlemen you have mentioned, are there any stockholders of the American Sugar Refining Co. who are stockholders in the Cuban company?

MR. HAVEMEYER. Not in the Cape Cruz Co., unless it be Mr. Harrison or Mr. Senff or Mr. Welch.

MR. RUCKER. Is there more than one Cuban company in which you are interested?

MR. HAVEMEYER. In which I am? Yes, sir.

MR. RUCKER. How many?

MR. HAVEMEYER. I believe four in all, including the Cape Cruz Co.

MR. RUCKER. Well, now, has the American Sugar Refining Co. an interest as stockholder in any of those companies?

Mr. HAVEMEYER. Not to my knowledge.

Mr. RUCKER. Are the individual directors of the American Sugar Refining Co., to your knowledge, owners of stock in those companies?

Mr. HAVEMEYER. Yes; I think they may be in some of them.

Mr. RUCKER. The gentlemen interested with you in the Philippine enterprise are also interested in the Cuban company to which you have referred, and are they also interested in the other companies in Cuba?

Mr. HAVEMEYER. Yes; I think they are in some of them, as I recall it. I have not tried to familiarize myself with any of those facts, and I am just merely giving my testimony from memory, because I did not think I would be called upon to testify as to any of these matters.

Mr. GARRETT. Perhaps these questions have been asked at a time when I was not present, and if so I do not care to repeat them; but in order to make the record complete I should think they would be proper. Have you and your associates in the Philippine enterprise, or either of them, any interest in the purchase of the Santa Rosa estate there?

Mr. HAVEMEYER. I have none, and I do not think any of my associates have.

Mr. GARRETT. In the Isabela estate?

Mr. HAVEMEYER. The same condition applies there.

Mr. GARRETT. No interest?

Mr. HAVEMEYER. I have none, and I do not believe my associates have any.

Mr. GARRETT. The Calambo estate?

Mr. HAVEMEYER. I have none, and I do not believe my associates have any.

Mr. GARRETT. Are you interested, or are your associates, Mr. Welch, Mr. Senff, and Mr. Harrison, interested in the San Carlos Co. of California?

Mr. HAVEMEYER. I am not, and I do not think they are; but they may be.

Mr. GARRETT. Do you know anything of that company at all?

Mr. HAVEMEYER. No, sir.

Mr. GARRETT. In the San Francisco Agricultural Co.?

Mr. HAVEMEYER. The same condition applies there; I have no interest in it.

The CHAIRMAN. He testified he had no interest in or knowledge of them.

Mr. GARRETT. Do you gentlemen appear of record as the incorporators of the Mindoro Development Co.?

Mr. HAVEMEYER. I do not know; I do not think so.

Mr. GARRETT. It seems from some statement in the record that Robert J. Bain, Samuel S. Moore, and Charles S. Scribner, all of New Jersey, but from different towns in New Jersey, are the incorporators of the Mindoro Development Co. Now, have they no interest in it?

Mr. HAVEMEYER. Not that I know of.

Mr. GARRETT. Own no stock in it?

Mr. HAVEMEYER. Not to my knowledge.

Mr. GARRETT. Who are they? Do you know Robert J. Bain?

Mr. HAVEMEYER. I really do not know who they are.

Mr. GARRETT. You do not know them personally?

Mr. HAVEMEYER. No, sir.

Mr. GARRETT. How does it happen that men who have no interest whatever in it appear as incorporators, while those who own the entire interest do not appear at all?

Mr. HAVEMEYER. Well, I imagine that is the general way corporations are formed.

Mr. GARRETT. Do you know whether these gentlemen, Bain, Moore, and Scribner, are interested in the sugar business in any way?

Mr. HAVEMEYER. I can not say; I think not.

Mr. JONES. Are you sure there are any such people, or may they not be fictitious names?

Mr. HAVEMEYER. It is possible.

Mr. JONES. Well, Mr. Havemeyer, what was the reason for the real owners not appearing of record as the incorporators?

Mr. HAVEMEYER. I can not say; the matter was left in the hands of our lawyer to do as he saw fit.

Mr. MADISON. You spoke about a conveyance from Poole to you gentlemen, that you understood there was such a conveyance; will you produce that if it is here?

Mr. HAVEMEYER. I said it was my impression.

Mr. MADISON. Will you have Mr. Welch hand you that if it is here?

Mr. HAVEMEYER. I am told there is no deed but a declaration of trust.

The CHAIRMAN. Please read that declaration of trust into the record.

Mr. HAVEMEYER (reading):

DECLARATION OF TRUST.

Whereas the undersigned, Edward L. Poole, has purchased from the Government of the Philippine Islands that certain estate commonly designated as the San Jose friar estate, situated in the township of Bulalacao, Province of Mindoro, P. I., and comprising an area of 22,484 hectares 81 ares and 50 centares; and

Whereas the said Edward L. Poole, in purchasing the said estate, was acting as the agent for Horace Havemeyer, Charles J. Welch, and Charles H. Senft, who have furnished him the entire amount paid by him for said property:

Now, therefore, in consideration of the premises, the said Edward L. Poole hereby declares that he holds the said property in trust for the joint benefit of Horace Havemeyer, Charles J. Welch, and Charles H. Senft, and has no interest in the same other than the bare legal title; and he hereby covenants and agrees, on behalf of himself, his heirs, executors, administrators, and assigns, to convey the said property to such persons, firms, or corporations as the said persons shall, from time to time, direct, free, and discharged from any claim or liability to him by reason of any act whatsoever.

In witness whereof the said Edward L. Poole has executed this instrument, at Manila, P. I., this 9th day of March, 1910.

EDW. L. POOLE.

Shall I read the acknowledgment?

Mr. MADISON. No; it is just the ordinary acknowledgment.

The CHAIRMAN. The usual acknowledgment before a notary public follows?

Mr. HAVEMEYER. Yes; I believe that is the usual acknowledgment.

Mr. MADISON. Well, Mr. Havemeyer, you are still a stockholder in the American Sugar Refining Co., are you not?

Mr. HAVEMEYER. Do you wish me to answer that?

Mr. MADISON. Yes, sir.

Mr. HAVEMEYER. No, sir; I am not.

Mr. MADISON. You are an executor of your father's estate?

Mr. HAVEMEYER. Yes, sir.

Mr. MADISON. That estate is a stockholder in the American Sugar Refining Co., is it not?

Mr. HAVEMEYER. No; it is not.

Mr. MADISON. It no longer has any interest?

Mr. HAVEMEYER. No, sir.

Mr. MADISON. You did have an interest, of course, at the time of the purchase of this San Jose estate?

Mr. HAVEMEYER. I did, and the estate did.

Mr. MADISON. Now, you testified to the committee that as a matter of fact the American Sugar Refining Co. had no interest of any kind whatever in the purchase of this San Jose estate.

Mr. HAVEMEYER. I so testified.

Mr. MADISON. And that no persons connected with the American Sugar Refining Co., except yourself, Mr. Senff, and Mr. Welch, had any interest in it?

Mr. HAVEMEYER. No one else had any interest in the purchase of the San Jose estate except Mr. Welch, Mr. Senff, and myself.

Mr. MADISON. And there was no understandings of any kind, type, or form, either expressed or implied, between you gentlemen and the American Sugar Refining Co. with regard to the ownership or title to this land?

Mr. HAVEMEYER. None whatever.

Mr. MADISON. They never have acquired any interest of any kind, shape, or form, either direct or indirect, in the land, is that the fact?

Mr. HAVEMEYER. None at all.

Mr. MADISON. Now, you say you own land in Cuba, or you have a corporation there that owns land in Cuba?

Mr. HAVEMEYER. I am interested in several corporations that hold land in Cuba.

Mr. MADISON. For the production of sugar—raw, unrefined sugar?

Mr. HAVEMEYER. Yes, sir.

Mr. MADISON. You sell most of this product to the American Sugar Refining Co., do you not?

Mr. HAVEMEYER. Well, the American Sugar Refining Co. is the largest buyer of raw sugar in the American market. Whether our production went in greater quantities to them than to any other buyer I do not know.

Mr. MADISON. Do you mean to say to us that, being interested as you were in the American Sugar Refining Co., and these gentlemen also interested in it, that, as a matter of fact, you gave no preference to them in the sale of your sugar?

Mr. HAVEMEYER. No; we sold to the highest bidder.

Mr. MADISON. Were there any competitive bidders?

Mr. HAVEMEYER. Oh, yes.

Mr. MADISON. Who are competitive bidders?

Mr. HAVEMEYER. Why, there are a number of independent sugar refiners; I may not have them all at my finger tips, but Messrs. Arbuckle Bros. for one, the Nash-Spalding Co. for another; William J. McCahan, of Philadelphia; the National Sugar Refining Co., of New Jersey; there is also the Federal Sugar Refining Co.

Mr. MADISON. Who is the head of that?

Mr. HAVEMEYER. I think Mr. C. H. Spreckles is the president, and I believe there are three small independent refineries in New Orleans.

Mr. MADISON. These companies had no association whatever with the American Sugar Refining Co., but were actual competitors?

Mr. HAVEMEYER. Actual competitors for business. I believe the American Sugar Refining Co. did own some of the stock of the National Sugar Refining Co.

Mr. MADISON. Does it own any of the stocks of any of the other companies?

Mr. HAVEMEYER. No; I do not think so.

Mr. MADISON. Do any of the individuals interested either as stockholders or officers of the American Sugar Refining Co. own stock in these companies?

Mr. HAVEMEYER. That may be; that is a matter with which I am not familiar.

Mr. MADISON. You say Mr. Welch, I understand, owns lands in Porto Rico or is interested in a corporation owning lands there?

Mr. HAVEMEYER. No; I did not say that.

Mr. MADISON. Or Mr. Senff?

Mr. HAVEMEYER. He may be, but I do not think he is.

Mr. MADISON. But you do not know the details of that?

Mr. HAVEMEYER. No, sir; I do not.

Mr. MADISON. I do not think of anything else I want to ask Mr. Havemeyer.

Mr. MARTIN. I would like to ask the witness a few questions. Did your attorneys, or any of them, ever call your attention, in connection with the Philippine transaction, to a letter from the Bureau of Insular Affairs to them calling their attention to the fact that the restrictions in Porto Rico were inoperative in so far as preventing the development of the sugar industry was concerned?

Mr. HAVEMEYER. No, sir.

Mr. MARTIN. When did you become a director of the American Sugar Refining Co.?

Mr. HAVEMEYER. As I recall, December, 1907.

Mr. MARTIN. Was Mr. Senff an officer of the company at that time?

Mr. HAVEMEYER. He was a director; I do not think he was an officer.

Mr. MARTIN. When did he cease to be a director?

Mr. HAVEMEYER. I think it was during 1908 or 1909; I am not sure whether it was at the annual meeting in 1908 or the annual meeting in 1909 that his term expired.

Mr. MARTIN. When would it be held?

Mr. HAVEMEYER. I think it would be held at that time in January.

Mr. MARTIN. He would have ceased to be a director in January, 1908, or January, 1909?

Mr. HAVEMEYER. That is my impression.

Mr. MARTIN. Was he ever vice president of the American Sugar Refining Co.?

Mr. HAVEMEYER. I believe he was.

Mr. MARTIN. When did his connection in that capacity cease?

Mr. HAVEMEYER. I do not know, but it was before I became a director.

Mr. MARTIN. Was he associated with your father for a very long period of time?

Mr. HAVEMEYER. They were very intimately associated.

Mr. MARTIN. Am I rightly informed that Mr. Senff virtually stood next to your father in the American Sugar Refining Co.'s affairs?

Mr. HAVEMEYER. I do not think that is so. My belief, from what I have heard, is that Mr. Senff, for the past 25 years, has lead a very inactive life as far as the sugar business is concerned.

Mr. MARTIN. You said that Mr. de Gersdorf was the attorney who did the legal work in organizing the Mindoro Co.?

Mr. HAVEMEYER. That is my impression.

Mr. MARTIN. He was not the attorney whose name appeared on the papers when they were filed in New Jersey?

Mr. HAVEMEYER. With that I am not familiar.

Mr. MARTIN. I have lost the names, but there were two attorneys whose names appeared. Collins and Corbin, I am informed by Mr. de Gersdorff, were the attorneys whose names appeared on the articles of incorporation when they were filed in the State capitol of New Jersey. Do you know those gentlemen?

Mr. HAVEMEYER. No.

Mr. MARTIN. So you do not know either of the attorneys who filed the articles or the three incorporators?

Mr. HAVEMEYER. Not personally; no.

Mr. MARTIN. The company was incorporated for \$100,000 capital stock, according to the articles. Was the capital stock all subscribed and paid up?

Mr. HAVEMEYER. That I do not know; I imagine so.

Mr. MARTIN. I am advised that about 30 days after the time the articles were filed, which was on December 8, 1909, the capital stock was increased to \$1,000,000; is that true?

Mr. HAVEMEYER. I think it was; I am not sure, but I think it was.

Mr. MARTIN. Well, were you not present at any meeting at which the capital stock was increased?

Mr. HAVEMEYER. I do not recall exactly whether I was a director at that time or not.

Mr. MARTIN. In the Mindoro Co.?

Mr. HAVEMEYER. I think I was; I think I voted to increase the capital stock, but I am not sure.

Mr. MARTIN. Do you know what part of that stock was subscribed and paid up, if any?

Mr. HAVEMEYER. All the stock that was issued had been paid.

Mr. MARTIN. The entire \$1,000,000?

Mr. HAVEMEYER. I do not know whether \$1,000,000 worth of stock has been issued, but I do not think it has.

Mr. MARTIN. It has been increased but not issued?

Mr. HAVEMEYER. That is my understanding of it. I think there has been approximately \$750,000 issued.

Mr. MARTIN. Do you own one-third of that?

Mr. HAVEMEYER. Approximately.

Mr. MARTIN. And Mr. Welch one-third?

Mr. HAVEMEYER. And Mr. Senff one-third; it is possible they may have sold some of their holdings of that stock; I sold 50 shares of mine.

Mr. MARTIN. That company was incorporated on the 8th of December, 1909. Did you know at that time that the question of the validity of the sale of the San Jose estate, or the right to sell it in bulk, had been passed up to the Attorney General of the United States and that he had not rendered an opinion?

Mr. HAVEMEYER. The only facts in that connection that I can recall are that I was ready to buy the San Jose estate on the advice of my lawyers before the Attorney General's opinion had been rendered.

Mr. MARTIN. Did you know the matter was pending at the time the articles of incorporation were filed in the office of the secretary of state of New Jersey?

Mr. HAVEMEYER. No.

Mr. MARTIN. Pending before the Attorney General?

Mr. HAVEMEYER. All I can recall of the matter is that Mr. Welch and I decided that we should buy, and when we decided we should buy the estate the Attorney General's opinion had not been rendered.

Mr. MARTIN. How long was the Mindoro Development Co. in process of organization prior to the time the articles were filed?

Mr. HAVEMEYER. I could not say.

Mr. MARTIN. Do you remember when and where you and your associates had the first meeting at which they considered or discussed the organization of that company?

Mr. HAVEMEYER. It was in the fall of that year, 1909. I think that Mr. Welch and I discussed several times the organization of a corporation, and whether he individually or whether he and I both saw a lawyer about it is a matter I do not recall; I looked upon it as immaterial at the time, and I have not the matter clearly in my mind.

Mr. MARTIN. Do you remember whether the idea to organize this particular company had taken definite shape in September, 1909?

Mr. HAVEMEYER. No; I do not think it had.

Mr. MARTIN. Do you think it had taken definite shape in October?

Mr. HAVEMEYER. I do not think I remember when it had taken shape; that is not clearly fixed in my mind.

Mr. MARTIN. You could not approximate, then, from your recollection, how long prior to the filing of the articles the matter was first considered by you gentlemen?

Mr. HAVEMEYER. No; except in this connection, that in such investments the form is generally that of a corporation, and I presume I had it in mind in that way.

Mr. MARTIN. You said that your cousin, Mr. H. O. Havemeyer, had 50 shares in the Mindoro Co.?

Mr. HAVEMEYER. In the Mindoro Development Co.; yes.

Mr. MARTIN. What are the shares worth?

Mr. HAVEMEYER. \$100 each.

Mr. MARTIN. Do you know just how many shares you have?

Mr. HAVEMEYER. I think it is 2,450, which would amount to \$245,000, and the other gentlemen, Mr. Welch and Mr. Senff, have approximately the same, or supposed to have the same; an equal quantity was issued to them, but whether they have sold any I do not know.

Mr. MARTIN. Who is the secretary of the Mindoro Co.?

Mr. HAVEMEYER. I think a Mr. McDonald.

Mr. MARTIN. What is his first name, do you know?

Mr. HAVEMEYER. No; he is an employee of Mr. Welch's; I can ask Mr. Welch or you can elicit the information from him when he is on the stand.

Mr. MARTIN. I am told it is T. T. McDonald. Where is he located; at the head office in Elizabeth?

Mr. HAVEMEYER. The secretary?

Mr. MARTIN. Yes.

Mr. HAVEMEYER. No; in New York City.

Mr. MARTIN. But your principal office, my recollection is, is at Elizabeth, N. J.

Mr. HAVEMEYER. That is my impression; I am not the secretary of the company and have not charge of that office.

Mr. MARTIN. What other connections has Mr. McDonald, if you know?

Mr. HAVEMEYER. I do not believe he has any other connections.

Mr. MARTIN. Has he an office by himself in New York City for the purpose of carrying on the business of the Mindoro Co.?

Mr. HAVEMEYER. No; he is there with Mr. Welch.

Mr. MARTIN. He has other business of Mr. Welch's to look after?

Mr. HAVEMEYER. I presume so.

Mr. MARTIN. Who carries on the correspondence between the Mindoro Co. and Messrs. Poole and Prentiss, if you know?

Mr. HAVEMEYER. My impression is Mr. Welch does.

Mr. MARTIN. Well, now, for what purposes does Mr. Welch carry on this correspondence—with reference to the land or only with reference to the corporation, or both?

Mr. HAVEMEYER. Mr. Welch is president of the corporation and carries on the correspondence regarding the corporation, and as one of the interested parties in the San Jose estate he conducts that correspondence.

Mr. MARTIN. Do you think Mr. Welch corresponds with Poole and Prentiss both with reference to the land feature of the transaction and the corporate feature of it?

Mr. HAVEMEYER. That is my impression, but I would rather have you get the information from Mr. Welch.

Mr. MARTIN. Why would not Mr. McDonald, the secretary, correspond with Prentiss and Poole for the company with reference to all matters involved in the transaction, both land and corporate? That is the usual practice, is it not?

Mr. HAVEMEYER. As secretary of the company he probably does correspond with them. Mr. Welch is president of the company, and it would seem to me has some rights as to corresponding with his managing agents in the Philippine Islands, and I believe that he does correspond with them, but I do not know.

Mr. MARTIN. Have you ever seen any of the correspondence between Mr. Welch and Prentiss and Poole or between the Mindoro Co. and Prentiss and Poole from the time of their arrival in the Philippine Islands to the present time?

Mr. HAVEMEYER. Have I ever seen any of it?

Mr. MARTIN. Yes.

Mr. HAVEMEYER. Yes; I think I have.

Mr. MARTIN. How much correspondence did you have with Prentiss and Poole in the Philippine Islands from the time Mr. Hammond withdrew from this transaction until November 23, 1909?

Mr. HAVEMEYER. I could not say; I did not have any; I could not say how much Mr. Welch had, if that is what you mean.

Mr. MARTIN. Have you got the correspondence here?

Mr. HAVEMEYER. I believe Mr. Welch has.

Mr. MARTIN. Do you know whether Mr. Welch has the correspondence that has passed between himself or the Mindoro Co. and Poole and Prentiss?

Mr. HAVEMEYER. That is my impression, that he has.

Mr. MARTIN. From the time they went to the Philippine Islands until the transaction over there was consummated?

Mr. HAVEMEYER. I overheard him say on the way down that he had taken everything.

Mr. MARTIN. Do you know whether any cablegrams were exchanged about the matter?

Mr. HAVEMEYER. It is my impression there were.

Mr. MARTIN. You say you heard Mr. Welch mention the three California companies. Do you know in what way he mentioned them, what he said about them?

Mr. HAVEMEYER. I do not recall.

Mr. MARTIN. Do you know that the railroad of the Mindoro Development Co. runs through these three California companies' lands, or two of the three?

Mr. HAVEMEYER. I understand it runs through some of them.

Mr. MARTIN. Do you know that the lands of these three companies are not only contiguous to each other, but also the San Jose estate?

Mr. HAVEMEYER. I presumed that was the case.

Mr. MARTIN. Forming sort of a link, as it were, between the San Jose estate and the water front?

Mr. HAVEMEYER. That may be so.

Mr. MARTIN. You think no one else at all, outside of you three gentlemen and Mr. H. O. Havemeyer, own any land in the Mindoro Co.?

Mr. HAVEMEYER. I have already said——

Mr. PARSONS. You mean own any stock?

Mr. MARTIN. Yes; any stock.

Mr. HAVEMEYER. I have already said that Mr. Senff and Mr. Welch may have sold some of their stock the way I did.

Mr. MARTIN. You say you sold some of yours; you sold 50 shares to your cousin, did you?

Mr. HAVEMEYER. Yes, sir.

Mr. MARTIN. The way he became the owner of 50 shares of stock was through you?

Mr. HAVEMEYER. That is the way.

Mr. MARTIN. And if they have disposed of any of their stock in the same way, it is a matter within their knowledge and not yours?

Mr. HAVEMEYER. That is the case. Mr. Welch may have sold, but I do not believe Mr. Senff has; it is a matter which does not concern me.

Mr. MARTIN. Was it ever suggested to you that your official position with the American Sugar Refining Co., and certain activities upon the part of the Federal Government in investigating the affairs

of that company, and so forth, rendered it inadvisable for Mr. Hammond to remain in the transaction as your attorney?

Mr. HAVEMEYER. No.

Mr. MARTIN. That matter was never discussed in any way?

Mr. HAVEMEYER. Never.

Mr. MARTIN. So far as you know, then, the fact that you were a director of that company, and that its affairs may have been under investigation by the Federal Government, was not the reason why Mr. Hammond should withdraw?

Mr. HAVEMEYER. As far as I know, that was not the reason.

Mr. MARTIN. What reasons did Mr. Hammond assign to you for turning this matter over to another firm of attorneys?

Mr. HAVEMEYER. Those that he explained before the committee yesterday.

Mr. MARTIN. What, if anything, was said about construing the laws over there?

Mr. HAVEMEYER. I did not quite hear that.

Mr. MARTIN. What, if anything, was said by Mr. Hammond about construing the laws over there, about the possible interpretation of the laws in the Philippines with reference to the right to sell the estate in bulk?

Mr. HAVEMEYER. I do not exactly recall the conversations, but, as I remember, the subject at that time was somewhat confused, and had not been cleared up, as far as we were concerned, until some time later. When a lawyer is not sure it is best to let him alone until he makes up his mind.

Mr. MARTIN. When, if at all, did Mr. Hammond say to you that it would probably require an opinion upon the part of the Attorney General of the United States as to the right to sell that estate?

Mr. HAVEMEYER. I do not recall him ever saying it would require an opinion of the Attorney General.

Mr. MARTIN. Do you recall that Mr. de Gersdorff said that, and when?

Mr. HAVEMEYER. No; I acted without it, and felt entirely within my rights in so doing.

Mr. MARTIN. So if the attorneys, or either of them, did request the opinion of the Attorney General of the United States that was not at your instance?

Mr. HAVEMEYER. Not at my instance; no.

Mr. MARTIN. And they did not consult you about it?

Mr. HAVEMEYER. I think they did mention the matter.

Mr. MARTIN. After or before its submission to the Attorney General?

Mr. HAVEMEYER. I do not recall that, but I think it was before.

Mr. MARTIN. Do you remember the substance of what was stated to you at that time about that matter?

Mr. HAVEMEYER. It was very indefinite. There was some mention made of asking the Government for an opinion by the Attorney General, as I recall it, regarding the sale of these lands, but I am not familiar with what was exactly said or the conversation; I did not pay much attention to it. I felt the legal matter was one with which I was not concerned; I was trying to handle the business end of it from the investment standpoint; that the legal situation was a mat-

ter for their determination, and when they had worked it out to satisfy themselves they could advise me.

Mr. MARTIN. But you knew on the first visit of Mr. Hammond to Washington that he had run on to a legal question in the Bureau of Insular Affairs about the legality of the sale of the estate in bulk—you knew that, did you not?

Mr. HAVEMEYER. No; I did not know anything of the kind. All I recall was the great confusion upon his part as to the laws, where he could secure the laws, copies of the laws, and whether there were any decisions of the courts in regard to these lands. There was a sort of a haze.

Mr. MARTIN. Which one of the attorneys was it, however, who mentioned the matter to you?

Mr. HAVEMEYER. Mentioned what matter?

Mr. MARTIN. Who mentioned this matter to you about the opinion of the Attorney General?

Mr. HAVEMEYER. I think it was Mr. de Gersdorff.

Mr. MARTIN. Who was the notary who acknowledged Mr. Poole's declaration of trust?

Mr. HAVEMEYER. W. H. Lawrence, notary public, Philippine Islands, city of Manila.

(The said acknowledgment is as follows:)

PHILIPPINE ISLANDS, *City of Manila, ss:*

Before me, the undersigned notary public in and for the said city of Manila, this day personally appeared Edward L. Poole, with cedula No. F-1946, issued at Manila, P. I., on the 4th day of January, 1910, to me known and known to me to be the person who signed the foregoing instrument, and he acknowledged to me that he executed the same as his free and voluntary act and deed, for the purposes therein set forth.

In witness whereof, I have hereunto set my hand and affixed my notarial seal, in Manila, P. I., this 9th day of March, 1910.

[SEAL.]

W. H. LAWRENCE,
Notary Public.

My commission expires December 31, 1910.

Mr. MARTIN. Do you know anything about the law firm of Bruce & Lawrence, of which Mr. Lawrence is a member?

Mr. HAVEMEYER. Nothing; except that it exists.

Mr. MARTIN. You did not have anything to do with sending them to that firm?

Mr. HAVEMEYER. Sending who to that firm?

Mr. MARTIN. Poole and Prentiss.

Mr. HAVEMEYER. I think they were sent to that firm on the advice of Mr. de Gersdorff.

Mr. MARTIN. One more question about these companies that you refer to as independent sugar companies, one of which you stated might have some stock in connection with the American Sugar Refining Co.?

Mr. HAVEMEYER. Those were sugar refining companies that I mentioned as distinct from what is generally known as sugar companies.

Mr. MARTIN. Are there any actions pending in which it is charged that these other companies are involved in any way with the American Sugar Refining Co.?

Mr. HAVEMEYER. Well, a very voluminous bill, I believe, has been filed with the Government; I do not know exactly what they do allege; I have read it, but paid no particular attention to it.

Mr. MARTIN. Are not all of these so-called independent companies involved in that inquiry?

Mr. HAVEMEYER. No; some of them may be.

Mr. MARTIN. Now, you state that while acting as a director of the American Sugar Refining Co. and producing sugar in Cuba you sold the output of those companies in the American market to the highest bidder and not necessarily to the American Sugar Refining Co.?

Mr. HAVEMEYER. Yes. I might elaborate that statement by saying that some of the Cuban companies sell for export abroad, in the United Kingdom.

Mr. MARTIN. Is it reasonable to suppose, Mr. Havemeyer, that a company like the American Sugar Refining Co., which destroyed an independent rival, the Pennsylvania Sugar Refining Co., for which it has paid over \$2,000,000 damages in settlement of litigation, would permit one of its own directors to supply independent refineries with raw sugar?

Mr. HAVEMEYER. Yes, sir. Whether it is reasonable or not, it is a fact that they did. I do not think they destroyed the Pennsylvania Sugar Refining Co.; that is my impression, but I may be wrong. I do not think they ever started operations.

Mr. MARTIN. Well, they paid over \$2,000,000 to settle that litigation.

Mr. HAVEMEYER. Not for destroying it—I do not think.

Mr. MARTIN. You would not make any serious claim that you would market your Philippine sugar with an independent refinery, if there is such a thing, rather than the American Sugar Refining Co.?

Mr. HAVEMEYER. If they paid me more, yes; I certainly would.

Mr. MARTIN. Did you have brought to your attention a provision in the Philippine tariff act giving the producers of 500 tons of sugar or less annually priority in making up the 300,000 tons, the maximum which might be admitted duty free to the United States?

Mr. HAVEMEYER. That had been brought to my attention.

Mr. MARTIN. By whom?

Mr. HAVEMEYER. By myself, in reading the bill.

Mr. MARTIN. Did you discuss that with your attorneys?

Mr. HAVEMEYER. No; I discussed it with Mr. Welch.

Mr. MARTIN. Did you not think there was some danger of an estate as large as the San Jose estate producing a sufficient quantity of sugar to bring you into collision with that provision of the law?

Mr. HAVEMEYER. I think there is grave danger of that.

Mr. MARTIN. Did you consider whether that grave danger could be avoided, as it has been in the case of the land limitations?

Mr. HAVEMEYER. No; I think not.

Mr. MARTIN. You do not think there would be any 500-ton producers of sugar in the Philippine Islands after transactions of the scope of the Mindoro project get in operation?

Mr. HAVEMEYER. Oh, yes; I imagine that. I am not familiar with the situation of the islands, but if you want my opinion about it I think there would be for a long number of years producers of that quantity of sugar.

Mr. MARTIN. What did you and Mr. Welch decide about that 500-ton limitation?

Mr. HAVEMEYER. Well, we were amused by it.

Mr. MARTIN. You did not think it was a very serious matter in the law, did you?

Mr. HAVEMEYER. Yes; we recognized its importance.

Mr. MADISON. May I be permitted to ask why you were amused?

Mr. HAVEMEYER. Well, we did not see why there should be any distinction between a small and a large producer, from our standpoint. The sugar development in the Philippine Islands would probably be more rapid, from our point of view, by the erection of a larger and more modern mill, but it seems to be the intention of the law, without any reflection at all, to retard the development.

Mr. MARTIN. You really have no serious idea in your mind that yourself, Mr. Senff, and Mr. Welch will permanently own the San Jose estate as individuals, have you?

Mr. HAVEMEYER. Oh, yes; unless we sell it to other people.

Mr. MARTIN. Have you not really had the idea in mind that in some way the limitations of the law would be circumvented so that that estate might be handled in some other manner?

Mr. HAVEMEYER. Not the slightest.

Mr. MARTIN. In that connection I will call your attention to the fact that Mr. Poole, in his declaration of trust, says, among other things, that he will retain the nominal title to this land for disposition to such corporations as may be designated by the declarants of the trust?

Mr. HAVEMEYER. He is stating a fact, as I understand it, that has already occurred, that some of the property has been transferred to the Mindoro Development Co.

Mr. MARTIN. But under the declaration of trust he holds it to convey and transfer to such corporations as you and your associates may nominate?

Mr. HAVEMEYER. That part I did not examine carefully. I think I am incorrect about that.

Mr. DOUGLAS. It is to whoever they nominate, such person or persons, or corporation or corporations, or anybody who shall be nominated; it is not for Poole to say to whom he shall convey it. It is the ordinary form of a declaration of trust.

Mr. MARTIN. But these declarants in the trust could say to Mr. Poole to whom he shall convey all of that estate?

Mr. DOUGLAS. Exactly.

Mr. MARTIN. In connection with that, the final certificates of sale, which were issued by the Philippine Government for the San Jose estate, provide that the Philippine Government will execute deeds for the San Jose estate to the corporate nominees of Mr. Poole; did you know that?

Mr. HAVEMEYER. No; if you will—

Mr. MARTIN. It is provided that the entire estate will be deeded to the individual or corporate nominees of Mr. Poole. Did you understand that to be the case?

Mr. HAVEMEYER. I never saw the deed of trust.

Mr. MARTIN. That is, you never saw the certificates of sale?

Mr. HAVEMEYER. I have never seen those at all. I want to state here that my statement that Poole has conveyed a certain amount of land to the Mindoro Development Co., I believe, is incorrect, that

that is not so; the conveyance, I believe, was made by the Philippine Government, and I believe I made a misstatement there.

Mr. MARTIN. Now, following up the two propositions—one, the provision in Poole's declaration of trust to convey to corporations nominated by you, and the other the provision in the sales certificates for the Government to convey to Poole's corporate nominees—have you or your associates ever discussed the proposition of forming a number of small corporations among whom the San Jose estate would be apportioned?

Mr. HAVEMEYER. Never.

Mr. MARTIN. You have never considered any device whereby you will ultimately be relieved of the individual responsibility of conducting that estate under the present arrangement?

Mr. HAVEMEYER. No; I do not know as I want to be relieved; I have not considered that.

Mr. MARTIN. You have made provision in the trust for such relief, but you have not yet considered or determined upon any method?

Mr. DOUGLAS. I object to the question because it is a misstatement of fact, that he made any such provision; it is the ordinary declaration of trust by a man who holds legal title, declaring he holds it for those who paid for it. Therefore, it is not right to say they have made any provision other than that. I submit that is a provision which is always made by men who buy through an agent and that the agent does not have, in fact, any interest at all, and if anything happens it will appear he holds it for somebody besides himself.

Mr. MARTIN. I will thank the gentleman from Ohio to point out wherein I have misstated a fact in saying that in the declaration of trust they have made a provision whereby they could get rid of this individual responsibility, and that he shall convey it to such corporations as they nominate.

Mr. DOUGLAS. He shall do what they wish, not what he wants to do, because he holds the legal title for their benefit—convey it and do with it exactly what they please.

Mr. MARTIN. For once we agree.

Mr. DOUGLAS. I do not think we do even once.

Mr. MADISON. As a matter of fact, you formed sort of a partnership or association, you three gentlemen, whereby you came just as near forming a partnership or association that would approach a corporation as was possible, did you not?

Mr. HAVEMEYER. Well, I am not a lawyer; I do not know. We did form, I believe, the association covered by that agreement.

Mr. MADISON. Whereby you provided for the perpetuation of your interest beyond your lifetime?

Mr. HAVEMEYER. Well, I might explain that by the statement that a mill can not operate without cane——

Mr. MADISON. I mean so far as the ownership of the land is concerned.

Mr. HAVEMEYER. One minute; I want to explain. We can not operate without cane. Now, the cane naturally has to be grown. The Mindoro Co., as I understand it, could not indulge in agricultural operations, and the cane must be grown by somebody.

That island, according to reports we received, was totally uninhabited; there was practically no agriculture there, no farming colony of any kind, and we felt that the erection of a mill for the manu-

facture of sugar from cane was a very hazardous enterprise unless the cane was assured, and that was the method we took of assuring it.

Mr. MADISON. I shall not ask you any further questions about that, because the instrument speaks for itself, and it is hardly fair to examine an individual as to the interpretation of a contract when the contract upon its face shows what it is; it is for us to construe it rather than you.

Mr. GARRETT. Mr. Havemeyer, in this agreement of October 1, 1909, entered into between you, Mr. Welch, and Mr. Senff, the first paragraph recites the intention and contemplation of the formation of a corporation to conduct a mill, and recites the contemplation of the purchase of land individually. The fourth section then provides, "It is intended that each of the parties hereto, his personal representatives, successors and assigns, shall be entitled to a one-third interest in the said construction company and to a one-third interest in said private lands," and so forth. It further recites that it is anticipated the total expense—that is, of the mill and of the land—will approximate a million dollars, and the first paragraph provides that the construction company shall be capitalized at about the actual cost necessarily involved. Now, as I understand it, this Mindoro Development Co. is the fulfillment of the contemplation as to the mill corporation?

Mr. HAVEMEYER. That is my understanding.

Mr. GARRETT. And that it is capitalized at a million dollars?

Mr. HAVEMEYER. I believe at the moment that it is.

Mr. GARRETT. Which was the total amount anticipated in the beginning for the whole cost of mill and lands?

Mr. HAVEMEYER. Anticipated in the beginning; yes.

Mr. GARRETT. Now, does the sale of stock in the Mindoro Development Co. carry with it an interest in the lands?

Mr. HAVEMEYER. None; none of the lands of the San Jose estate.

Mr. GARRETT. I am speaking of the lands for the corporate purposes of the Mindoro Development Co.; whether or not the sale of stock in the Mindoro Development Co. carries with it an interest in the lands, as, for instance, the 50 shares sold to your cousin?

Mr. HAVEMEYER. No interest of any kind.

Mr. GARRETT. It carries only an interest in the construction company?

Mr. HAVEMEYER. That is all; and profits from the operation of making sugar.

Mr. GARRETT. Then the expression "It is intended that each of the parties hereto, his personal representatives, successors and assigns, shall be entitled to a one-third interest in the said construction company and to a one-third interest in said private lands" really does not grant or convey a one-third interest in the private lands, but only in the construction company?

Mr. HAVEMEYER. Well, only to these three individuals; as I understand, Poole holds in trust for them a one-third interest in these lands.

Mr. GARRETT. The expression there is that these three individuals, their successors and assigns, shall be entitled to a one-third interest.

Mr. HAVEMEYER. I see what you mean.

Mr. GARRETT. It would seem to me that means both in the construction company and in the individually owned lands?

Mr. HAVEMEYER. I never viewed that provision from that standpoint.

Mr. GARRETT. As a matter of fact, at the time that agreement was drawn up did you have in contemplation the purchase of the San Jose estate or other land?

Mr. HAVEMEYER. I am quite sure we had not contemplated getting the San Jose estate.

Mr. GARRETT. That would limit you to 2,500 acres?

Mr. HAVEMEYER. That is what makes me so believe.

Mr. GARRETT. As a matter of fact, the San Jose estate contains over 50,000 acres?

Mr. HAVEMEYER. Yes.

The CHAIRMAN. Is not the term "private lands" used in that agreement?

Mr. GRAHAM. Private lands is what it alludes to.

Mr. GARRETT. That is, the lands contemplated to be purchased were private lands?

Mr. GRAHAM. That is mentioned.

The CHAIRMAN. Do you know what you meant by "private lands, as used in that agreement?

Mr. HAVEMEYER. I believe there were some private lands on the island of Mindoro which we thought at that time we might be able to buy—privately owned lands.

Mr. HELM. Did this agreement cover the lands they did buy?

Mr. HAVEMEYER. I could not say, although I think it does.

Mr. HELM. Have you any agreement other than that?

Mr. HAVEMEYER. I think not.

Mr. MADISON. This is the agreement you are operating under?

Mr. HAVEMEYER. Yes.

Mr. MADISON. That is what I asked for, and I understood that was handed to me in response to my request.

Mr. HAVEMEYER. Yes; that was my impression and understanding.

Mr. RUCKER. You say there is no other agreement that takes the place of this for the purchase of the San Jose estate?

Mr. HAVEMEYER. I do not recall any supplemental agreement.

Mr. MADISON. I want to ask you this question, at the suggestion of Mr. Martin: When did Mr. Johnson, the Philadelphia lawyer, tell you to go to Mr. Hammond? Give the time, just as closely as you can.

Mr. HAVEMEYER. It was either in December, 1907, or the early part of the year 1908, some 10 or 12 months previous to any consideration of this Philippine investment; it was before the tariff act was even passed.

Mr. MADISON. Well, did you then have in mind the purchase of lands in the Philippines?

Mr. HAVEMEYER. No; I say it was 10 months previous to that—10 months to a year previous. You see we did not have in mind an investment in the Philippine Islands until the tariff was passed permitting 300,000 tons of sugar to be imported free of duty, and, as I recall it, the tariff was passed in the spring or summer of 1908. I saw Mr. Johnson in December, 1907, or in the early part of the year 1908.

Mr. MADISON. And you asked him, generally, if I understand you correctly, to recommend some bright, active lawyer to you, to whom you could go and consult about business matters?

Mr. HAVEMEYER. About some personal matters of my own. And when this matter came up, I immediately thought of Mr. Hammond, because he had been so well recommended by Mr. Johnson. I was not aware at that time that he was a member of the firm of Strong & Cadwaladar; I thought he was acting independently; he joined the firm in that year.

Mr. MADISON. Do I understand you to testify that Mr. Johnson did not recommend Mr. Hammond to you for the specific purpose of seeing him with regard to this transaction?

Mr. HAVEMEYER. You understand me correctly. Mr. Hammond was recommended to me by Mr. Johnson before the matter had ever been considered by us in any way, shape, or form, and ten months previous to it.

Mr. MADISON. Did you ever talk to Mr. Johnson about this matter in connection with Mr. Hammond?

Mr. HAVEMEYER. I believe Mr. Hammond, Mr. Welch, and myself saw Mr. Johnson.

Mr. MADISON. But that was after you had seen Mr. Hammond, of course, and engaged him to act for you?

Mr. HAVEMEYER. Afterwards.

(Thereupon a recess was taken until 1.30 o'clock p. m.).

AFTER RECESS.

The committee reconvened at 1.30 o'clock p. m., Hon. Marlin E. Olmsted in the chair.

CHARLES J. WELCH was duly sworn by the chairman and testified as follows:

The **CHAIRMAN**. Mr. Welch, where is your place of business?

Mr. WELCH. 22 East Eightieth Street, New York City.

The **CHAIRMAN**. Are you the Charles J. Welch who has been mentioned as one of the purchasers of a so-called San Jose estate on the Island of Mindoro?

Mr. WELCH. Yes, sir.

The **CHAIRMAN**. Who are interested with you in that estate?

Mr. WELCH. Horace Havemeyer and Charles H. Senff.

The **CHAIRMAN**. Is anybody else interested with you?

Mr. WELCH. In the San Jose estate?

The **CHAIRMAN**. Yes.

Mr. WELCH. No, sir.

The **CHAIRMAN**. Are you the owner, or interested in the ownership or occupancy of any other lands in the Philippines?

Mr. WELCH. Through stock ownership in the Mindoro Development Co. in the 200 hectares belonging to the Mindoro Development Co.

The **CHAIRMAN**. And in any others?

Mr. WELCH. No, sir.

The **CHAIRMAN**. Are you concerned in the San Carlos Agricultural Co. of California?

Mr. WELCH. No, sir.

The **CHAIRMAN**. Either as a stockholder, director, or officer?

Mr. WELCH. No, sir.

The **CHAIRMAN**. And how about the San Francisco Agricultural Co. of California?

Mr. WELCH. No connection.

The **CHAIRMAN**. Or the San Mateo Agricultural Co. of California?

Mr. WELCH. No connection.

The **CHAIRMAN**. Do you know anything of those companies?

Mr. WELCH. Yes, sir.

The **CHAIRMAN**. Will you kindly tell us about them, as far as you can?

Mr. WELCH. Well, a large number of the stockholders in those companies are personal friends of mine, and relatives of mine, some of them.

The **CHAIRMAN**. Can you tell us who are the stockholders in all or any of them?

Mr. WELCH. I can tell you some of them; I would not be positive about the officers of the company, nor would I be willing to say that

I knew all of the stockholders. In one of the companies there is a Eugene Lent. In another of the companies there is an Andrew P. Welch. There is also a William F. Humphrey. Those are some of the stockholders that I recall just at the moment.

The CHAIRMAN. What relation, if any, is that Mr. Welch to you?

Mr. WELCH. My brother.

The CHAIRMAN. In what company is he a stockholder?

Mr. WELCH. I would not be positive; possibly the San Carlos.

The CHAIRMAN. Do you know Elizabeth L. Welch?

Mr. WELCH. Yes.

The CHAIRMAN. Do you know whether she is a stockholder in any of those three companies?

Mr. WELCH. I believe so.

The CHAIRMAN. Do you know which one?

Mr. WELCH. In the San Francisco, I think.

The CHAIRMAN. Is she related to Mr. A. P. Welch?

Mr. WELCH. Yes.

The CHAIRMAN. As his wife or sister?

Mr. WELCH. She is his sister-in-law.

The CHAIRMAN. You are the vice president of the Mindoro Development Co.?

Mr. WELCH. No, sir.

The CHAIRMAN. Or the president?

Mr. WELCH. The president.

The CHAIRMAN. Who is your agent in the Philippines on the island of Mindoro?

Mr. WELCH. Edward L. Poole.

The CHAIRMAN. What are his duties in relation to the Mindoro Development Co. at the present time?

Mr. WELCH. Manager.

The CHAIRMAN. Do you know in what business the San Carlos Agricultural Co. is engaged in the Philippines?

Mr. WELCH. It is an agricultural corporation.

The CHAIRMAN. Does it own lands there?

Mr. WELCH. I believe so.

The CHAIRMAN. And the San Francisco Agricultural Co.?

Mr. WELCH. Similar.

The CHAIRMAN. The same as to that?

Mr. WELCH. Yes.

The CHAIRMAN. And the San Mateo Agricultural Co.?

Mr. WELCH. Also.

The CHAIRMAN. Do you know who was the manager of all or any of those three companies?

Mr. WELCH. I do not. I do not know whether they have a regularly appointed manager or not?

The CHAIRMAN. I think it has been testified to here—I am not quite sure—that Mr. Poole was manager of each one of those three companies, as well as of the Mindoro Development Co.

Mr. PARSONS. The agent, was it not?

The CHAIRMAN. Perhaps I should say the agent.

Mr. WELCH. I understood that he acted as their agent in the purchase of the lands; but whether he is their manager or not, I do not know. He may be or he may not be.

Mr. PARSONS. Mr. Martin, in his statement, called Mr. Poole their managing agent—a combination of both.

The CHAIRMAN. Do you know anything as to that—whether he is their managing agent?

Mr. WELCH. I do not know.

The CHAIRMAN. Well, in whatever position he sustained in all or any of those three companies, is it the result of any arrangement, agreement, or understanding between all or any of those three companies and the Mindoro Development Co.?

Mr. WELCH. The Mindoro Development Co. has absolutely nothing to do with those three colono companies; if you will pardon my use of the words “colono companies.” It is a common expression used in Cuba to denote the farmer—the raiser of cane—as distinguished from the “centrale,” which grinds the cane. The farm is called, in Cuba, the colonia.

The CHAIRMAN. I do not know that you have quite answered my question, which was: Whether Mr. Pole’s agency, in all or any of those three companies, if any such agency exists, is the result of any understanding or agreement between all or any of those companies and the Mindoro Development Co.?

Mr. WELCH. The Mindoro Development Co. has never taken any action with regard to those colono companies at all.

The CHAIRMAN. Nor with reference to Mr. Poole as their agent?

Mr. WELCH. No, sir.

The CHAIRMAN. If he is their agent, managing their actual affairs on the estate, or on the islands, would it be likely that he would make such an arrangement to act for them without consulting the Mindoro Development Co., whose manager he is?

Mr. WELCH. I do not know that the Mindoro Development Co. would allow Mr. Poole to represent those companies as agent there. I do not say that the Mindoro Development Co. would not, but that would be a matter which would have to come up before the board of directors, and that matter has not been brought up before the board of directors yet.

The CHAIRMAN. Mr. Welch, you have heard Mr. Havemeyer’s testimony this morning, have you not?

Mr. WELCH. Yes.

The CHAIRMAN. I do not care to go over the same ground twice. Was what he stated as to the ownership of the purchasing parties and their interests in this San Jose estate in accordance with your understanding of the matter?

Mr. WELCH. Would you mind just repeating the particular points?

The CHAIRMAN. Well, you heard his testimony.

Mr. WELCH. In a general way, I should say yes; but there might be some particular point on which my recollection would differ from his.

The CHAIRMAN. Well, do you recall any points in which your recollection does differ from his statement?

Mr. WELCH. No; I do not recall them at the moment.

The CHAIRMAN. He stated substantially that you and Mr. Senff and himself were equal partners, each taking a third interest in the purchase of the San Jose estate. Is that correct?

Mr. WELCH. That is correct.

The CHAIRMAN. And was that purchase made in pursuance of the agreement which he produced this morning before the committee?

Mr. WELCH. Yes, sir; I think so, with this qualification: At the time that agreement was drawn up we had no intention of buying the San Jose estate.

The CHAIRMAN. My recollection is that that agreement was dated in October, 1909.

Mr. PARSONS. October 1.

The CHAIRMAN. October 1, 1909. Was not that after the time you had commenced negotiating for that estate?

Mr. WELCH. No, sir.

The CHAIRMAN. Has there been any subsequent agreement or supplementary agreement entered into between you three gentlemen?

Mr. WELCH. No, sir.

The CHAIRMAN. Is there any agreement or understanding by which any parties other than yourself have been or are to become owners in that estate?

Mr. WELCH. No, sir.

The CHAIRMAN. Mr. Havemeyer testified as to the organization of the Mindoro Development Co., and that he and yourself and Mr. Senff each took one-third of the stock, so far as it has been issued. Is that correct?

Mr. WELCH. Yes, sir.

The CHAIRMAN. And that he had sold 50 shares of his, and that you might possibly have sold some of yours. Have you done so?

Mr. WELCH. Yes, sir.

The CHAIRMAN. Do you object to stating to whom?

Mr. WELCH. To Welch & Co.; 500 shares.

The CHAIRMAN. Who are Welch & Co.?

Mr. WELCH. Welch & Co. is a corporation of which I am the vice president and the owner of about 20 per cent of the stock.

The CHAIRMAN. That is, you are the owner of about 20 per cent of the stock of that company?

Mr. WELCH. Of Welch & Co.

The CHAIRMAN. It is incorporated?

Mr. WELCH. Yes; it is incorporated under the laws of California.

The CHAIRMAN. Is the American Sugar Refining Co. the holder of any stock in that company?

Mr. WELCH. No, sir.

The CHAIRMAN. Is it the holder of any stock in the Mindoro Development Co.?

Mr. WELCH. No, sir.

The CHAIRMAN. Or, so far as you know, in the stock of any of those three California companies, colono companies, as you call them?

Mr. WELCH. No, sir.

The CHAIRMAN. Are you an officer or agent or director of the American Sugar Refining Co.?

Mr. WELCH. No, sir.

The CHAIRMAN. Are you a stockholder in that company?

Mr. WELCH. No, sir.

The CHAIRMAN. Were you an officer, agent, or director in that company at the time of the purchase of the San Jose estate?

Mr. WELCH. No, sir.

The CHAIRMAN. Have you ever at any time been an officer, agent, or director of the American Sugar Refining Co.?

Mr. WELCH. Never.

The CHAIRMAN. I think that is all I care to ask.

Mr. PARSONS. When was the agreement that is dated October 1, 1909, signed?

Mr. WELCH. That I could not tell you.

Mr. PARSONS. About that time, or—

Mr. WELCH (interrupting). That ought to be a matter of record. It should appear on the face of it when it was signed.

Mr. PARSONS. Are there any agreements, written or oral, express or implied, between the Mindoro Development Co. and these colono companies to the effect that the Development Co. should grind their cane?

Mr. WELCH. Not yet; but we expect to have them as soon as they get in position to make any kind of a contract. We expect to make a contract to purchase their cane.

Mr. PARSONS. What development work have they done?

Mr. WELCH. I do not know.

Mr. PARSONS. What agreement is there in regard to the Development Co.'s running over the lands of two of them?

Mr. WELCH. There is no agreement at the present.

Mr. PARSONS. How did it get permission to go over there?

Mr. WELCH. I do not know.

Mr. PARSONS. But it is over them, is it not?

Mr. WELCH. I believe so.

Mr. PARSONS. Who will know about that?

Mr. WELCH. I don't know.

Mr. PARSONS. That is all.

The CHAIRMAN. Do you mean to say that you just built a railroad across those people's lands without their leave or license?

Mr. WELCH. That is about the size of it, Mr. Chairman.

The CHAIRMAN. Did you take it for granted that they would be glad enough to have a railroad there, and rely on not being ejected?

Mr. WELCH. That was the idea; because the building of a railroad across undeveloped land of that sort enormously enhances the value of those lands. It is the only way in which the land could be made worth anything. It was by building a railroad across them, to enable them to get their products over toward the seaboard, or toward the factory of the Mindoro Development Co.

The CHAIRMAN. How far is it from the factory, or contemplated factory, of the Mindoro Development Co. to the seacoast where this railroad ends?

Mr. WELCH. My understanding is that it is 11 miles.

The CHAIRMAN. The railroad is about 11 miles long?

Mr. WELCH. Yes, sir.

The CHAIRMAN. How much of that distance is through lands of these three colono companies?

Mr. WELCH. I am not certain about that, but I should say about 5 miles.

Mr. PARSONS. It only runs through two, does it not?

Mr. WELCH. Through two.

The CHAIRMAN. Do you recall which ones—which two?

Mr. WELCH. The San Mateo and the San Francisco.

The CHAIRMAN. This railroad has the right of eminent domain? Does the Mindoro Development Co. have the right of eminent domain by which it could take the lands of others for railroad purposes without their consent?

Mr. WELCH. I do not understand that "eminent domain."

The CHAIRMAN. Well, a chartered railroad company in New York or Pennsylvania would have the right to go across the farm of any man, by taking proper proceedings to condemn it, and paying the damages which might be assessed for the occupancy of the land. You do not know whether the Mindoro Development Co. has such a right in the Philippines?

Mr. WELCH. No, sir; I don't know whether they have or not. I think probably they have not.

The CHAIRMAN. Did you consult with any of the owners, or officers, or agents of those three colono companies in regard to the matter, as to their wishes as to whether you should go across their land or not?

Mr. WELCH. No; there was no direct consultation, but it was implied at the time that they went in there. There was never any objection raised, and they certainly wanted the railroad through there.

The CHAIRMAN. Do you know from whom they purchased their land?

Mr. WELCH. Public lands?

The CHAIRMAN. Whatever lands those three companies own?

Mr. WELCH. I understood that they were public lands.

The CHAIRMAN. Friar lands?

Mr. WELCH. Yes; public lands.

The CHAIRMAN. Do you know how much they hold?

Mr. WELCH. Not exactly.

The CHAIRMAN. Approximately?

Mr. WELCH. One thousand hectares; somewhere around there.

The CHAIRMAN. About 1,000 hectares each?

Mr. WELCH. About that; somewhere around that.

The CHAIRMAN. Were those companies formed, if you know, before or after the formation of the Mindoro Development Co.?

Mr. WELCH. That I would not be positive about.

The CHAIRMAN. Were they formed as the result of any understanding or agreement between yourself, Mr. Havemeyer, and Mr. Senff, or any of you, with the persons who formed those companies?

Mr. WELCH. Well, I am concerned in this altogether. Mr. Senff does not know that there is such a thing in existence and Mr. Havemeyer does not know of it at all.

The CHAIRMAN. Anything as what?

Mr. WELCH. The colono companies.

The CHAIRMAN. Those three California companies?

Mr. WELCH. Yes.

The CHAIRMAN. I think you have said you have no stock in them?

Mr. WELCH. No stock whatever.

The CHAIRMAN. Were they formed as the result of an agreement or understanding between yourself and those who did organize them that you would all work in harmony down there in the islands?

Mr. WELCH. What does "harmony" mean, Mr. Chairman?

The CHAIRMAN. Well, that you would between you gather up a certain quantity of land and operate it in harmony.

Mr. WELCH. Well, there isn't any occasion for harmony with the Mindoro Development Co. particularly. It is not an agricultural corporation.

The CHAIRMAN. Was there any agreement?

Mr. WELCH. No agreement.

The CHAIRMAN. Or understanding?

Mr. WELCH. No understanding. They were all intimate friends of mine, and relatives. Sometimes relatives fight. We did not expect to fight.

The CHAIRMAN. They went into it with the idea that you were building a factory to afford them an opportunity to sell the cane products of their land?

Mr. WELCH. Yes, sir.

The CHAIRMAN. Why did you not let them have part of the San Jose estate that you were purchasing?

Mr. WELCH. Our agreement was that we should not sell any part of that estate to anybody except the three of us that were in there originally.

The CHAIRMAN. Do you know whether those three California companies paid more or less per acre or per hectare for their land than you did for yours?

Mr. WELCH. I understood they paid about \$2 an acre for that land.

The CHAIRMAN. For the public lands?

Mr. WELCH. For the public lands.

The CHAIRMAN. Similar lands to those purchased by your company, by you three gentlemen?

Mr. WELCH. That I could not say exactly. The San Francisco Co.'s lands adjoin the southern boundary of the San Jose estate, and consequently the lands that are contiguous must be more or less of the same character.

The CHAIRMAN. They evidently thought that they were sugar lands, suitable for the raising of cane?

Mr. WELCH. I presume so; some of them, at all events.

The CHAIRMAN. I think that is all.

Mr. PARSONS. What led to those three colono companies and the people back of them going into an investment out there on the island of Mindoro?

Mr. WELCH. Well, naturally, the building of the factory and the acquisition of certain lands in the Philippine Islands was discussed by me, on one of my visits to California, which is where I came from. And they at once saw that if lands could be bought around the factory, a modern sugar mill, for \$2 an acre, and they would only have to pay 50 cents an acre when the lands were first taken over, that the probable profits from the growing of cane ought to be quite a sufficient inducement to make them go in. And so they said they wanted to get some of the lands.

Mr. PARSONS. Now, in regard to the railroad: If somebody else should put up a mill out there, and there should be a family row, where would your railroad be? It has not any right of way over their lands?

Mr. WELCH. We know that. Our idea was that, in the event of any such unfortunate occurrence, we could have the railroad made a common carrier—or this "eminent domain" business [laughter]—I do not understand the legal part of it—and have a right of way

condemned. We thought we could do that. So that we were not worrying.

Mr. GARRETT. Under the right of eminent domain you could have it condemned?

Mr. WELCH. I don't know what that means when you ask the question. I don't understand the "eminent domain."

Mr. PARSONS. One other question I want to ask you: Mr. Hammond yesterday testified that you contemplated purchasing some other estate on Mindoro?

Mr. WELCH. Yes, sir.

Mr. PARSONS. There had been some talk about that. What estate was that?

Mr. WELCH. Well, it was a piece of private land which the gentleman whom we sent out to look the situation over in the first place, Mr. J. Montgomery Strong, described as the Eduardo lands. They were lands somewhere around the Caguray. On these lands there were pastured a number of cattle belonging to the religious order which had originally owned the San Jose estate; and after the sale of this estate, they moved their cattle down to these Eduardo lands. To the north of that there was another piece of land, which Mr. Strong informed us belonged to a woman whose name he gave us as Kiki. It was spelled by him "K-i-k-i." In cables that we received from Mr. Poole, he spelled it "Q-u-i-c-a-y." Then we got, later on, a small tracing of the southern part of Mindoro, in which the lands were described as belonging to "Teodoriga Indencia."

Mr. PARSONS. How many hectares were there in the Eduardo lands? Do you know?

Mr. WELCH. According to Mr. Strong's report, there were a large number—some 6,000 hectares, I believe. I do not know exactly what his figures were; but judging from those which appear in that agreement, dated some time in October, 1909, wherein I think we make mention of either 20,000 or 25,000 acres, his information must have been to the effect that, between the Kiki tract and the Eduardo tract there was something like 30,000 or 25,000 acres.

Mr. PARSONS. Why did you not purchase those lands?

Mr. WELCH. I don't know.

Mr. PARSONS. Who had charge of the purchase?

Mr. WELCH. Mr. Poole; he said something about the title of the land not being a good one, and the Kiki lands, I think he said—the cable further read—that those lands had been sold to some other party. And I believe he also stated that the amount of land contained in those two pieces was far less than we had been led to believe.

The CHAIRMAN. Are the Eduardo lands and the Kiki lands friar lands?

Mr. WELCH. Private lands.

The CHAIRMAN. Owned by private parties?

Mr. WELCH. By private parties; yes.

Mr. DOUGLAS. Have you the charters of the California companies here, Mr. Welch?

Mr. WELCH. No, sir; I would not have any right to have them.

Mr. DOUGLAS. I did not ask that. I just happened to wonder whether you had them or not.

As I understand, then, the history of the formation of these companies was something like this: That you, having become interested in this project out there, talked of it to friends in California?

Mr. WELCH. Yes, sir.

Mr. DOUGLAS. With relatives and friends; and as the investment was not onerous in amount you concluded to organize companies and purchase lands near to the proposed Centrale?

Mr. WELCH. Yes, sir.

Mr. DOUGLAS. And did so?

Mr. WELCH. And did so.

Mr. DOUGLAS. And did you understand or have some information that, in locating the lands or taking them out, Mr. Poole did that for them?

Mr. WELCH. Yes.

Mr. DOUGLAS. And that the railroad runs through two of these companies' properties and not through the third. Do they all lie substantially south of the San Jose ranch?

Mr. WELCH. Yes, sir.

Mr. DOUGLAS. And that you simply took it for granted, when you came to build the road, it being through a new and undeveloped country, that there would be no objection to it, especially as it would add considerably to the value of their property; and that you went ahead and built the road.

Mr. WELCH. Yes, sir. If there had been any objection, there would have been "eminent domain"—well, that is what we would have done; whatever that is. [Laughter.]

Mr. GRAHAM. There was no combination or no talk of any combination between those companies and yours?

Mr. WELCH. No.

Mr. GRAHAM. In the purchase or operation of these lands, or intended operation?

Mr. WELCH. No, sir.

Mr. DOUGLAS. Going a little further back, let me see if I can briefly give some account, as I apprehend it to be, of your original interest in that property: You say your home was originally in California?

Mr. WELCH. Yes, sir.

Mr. DOUGLAS. When did you first become interested in any way in the sugar business—the raising of cane or the manufacture of raw sugar, or anything of that sort?

Mr. WELCH. Why, my father was a raw-sugar man before I was born.

Mr. DOUGLAS. Yes; and you grew up adjacent to that sort of a business?

Mr. WELCH. The commercial end of it.

Mr. DOUGLAS. Yes.

Mr. WELCH. Not the plantation work itself.

Mr. DOUGLAS. When did you first become interested in the matter of raising cane for the making of sugar?

Mr. WELCH. Well, Welch & Co. is a commission house and we sell the sugar that is consigned to us; but my first connection with a plantation in which I had a say in the management was the Cape Cruz Co., in Cuba.

Mr. DOUGLAS. Tell us approximately how long ago you became in that way first directly interested in the raising of cane.

Mr. WELCH. The company was incorporated, as I recollect, in the latter part of 1901.

Mr. DOUGLAS. Has it been in business since?

Mr. WELCH. Yes, sir.

Mr. DOUGLAS. Did you become after that interested in other sugar plantations in Cuba?

Mr. WELCH. No, sir.

Mr. DOUGLAS. When did you first become acquainted with Mr. Poole?

Mr. WELCH. Mr. Poole went down to the Cape Cruz Co. in the latter part of 1903 or the early part of 1904. We changed managers and got a George M. Boote as our manager in Cuba. Mr. Boote had been manager of a plantation in the Hawaiian Islands and Mr. Poole had worked under him there. When he assumed the managership of the Cape Cruz Co. in Cuba he at once sent for Mr. Poole to come out from Hawaii to Cuba and made him second administrator; in Cuba they speak of administrators instead of managers.

Mr. DOUGLAS. Yes. How long did he continue in connection with Mr. Boote in the service of the Cape Cruz Co.?

Mr. WELCH. He continued from that time which I mentioned previously, the latter part of 1903 or the early part of 1904, until he left for the Philippines.

Mr. DOUGLAS. Did you, during the time that he was employed in Cuba, become personally acquainted with him?

Mr. WELCH. Yes, sir.

Mr. DOUGLAS. And did you learn to acquire confidence in his intelligence with reference to the management of sugar estates?

Mr. WELCH. Yes, sir.

Mr. DOUGLAS. Was that the occasion of your sending him to the Philippines? Was that the reason he was sent by you and your associates to the Philippines?

Mr. WELCH. Yes, sir.

Mr. DOUGLAS. Who is J. Montgomery Strong, please?

Mr. WELCH. J. Montgomery Strong is the gentleman that we sent out to look over the situation in the early part of 1909.

Mr. DOUGLAS. Where does he live?

Mr. WELCH. He lives in Little Falls, N. J.

Mr. DOUGLAS. The tariff act was passed in the midsummer of 1908.

Mr. PARSONS. 1909.

Mr. DOUGLAS. 1909, yes; beg pardon. Now, when did you first entertain the idea of becoming interested in sugar lands in the Philippines?

Mr. WELCH. In the early part of that year; Mr. Strong left New York on the 1st of March, I believe it was, 1909.

Mr. DOUGLAS. Well, it must have been, then, before that that you began to entertain the thought of purchasing sugar lands in the Philippines?

Mr. WELCH. Yes.

Mr. DOUGLAS. How was the matter first brought to your attention, and by whom? Do you recall?

Mr. WELCH. Well, it was brought to my attention—my wife mentioned it to me. She said: "Why don't you go into the Philippines?" [Laughter.]

Mr. DOUGLAS. Had she been there?

Mr. WELCH. No, sir. That is why she said it. [Laughter.]

Mr. DOUGLAS. How long after you got the notion did you communicate it to Mr. Havemeyer?

Mr. WELCH. I should say quite a short time afterwards. He had evidently been thinking along those lines himself. And that probably accounts for the fact that—well, it is not very definite in his mind as to who started the thing. We probably had both been thinking about it. We were thinking a lot about things when it looked as if it was pretty sure that that 300,000-ton free-sugar business was going to go through Congress.

Mr. DOUGLAS. You were willing to have some share in the resulting advantages to the growth of sugar in the Philippines?

Mr. WELCH. We did not see why all the benefits that the Congress of the United States conferred upon the Philippine Islands should go to foreigners.

Mr. DOUGLAS. Yes.

Mr. WELCH. They have got it pretty near all now.

Mr. DOUGLAS. That invites a discussion into which I will not enter now. But, at any rate, you then got Mr. Strong to go to the Philippines to investigate the possibility of buying lands adapted to the raising of sugar?

Mr. WELCH. Yes, sir.

Mr. DOUGLAS. And he went to the island of Mindoro, and then, after his report, you sent Mr. Poole over?

Mr. WELCH. We sent Mr. Poole a considerable time after Mr. Strong's return.

Mr. DOUGLAS. I say, after Mr. Strong got back, you sent Mr. Poole over?

Mr. WELCH. Yes, sir.

Mr. DOUGLAS. And you have given the reasons why you did not follow at least the suggestions made by Mr. Strong to buy the two private estates that have been referred to, the Eduardo and Kiki. May it be true that while Mr. Poole was over there the San Jose estate was called to his attention by the officers of the Philippine Government?

Mr. WELCH. The San Jose estate was called to the attention of Mr. Strong, and he brought back the prospectus of the San Jose estate.

Mr. DOUGLAS. Oh, yes. So that Mr. Poole was directed to investigate that, when he went over?

Mr. WELCH. No, sir.

Mr. DOUGLAS. How far had your conclusion gone when Mr. Poole went? Had you determined to purchase the San Jose estate when he left?

Mr. WELCH. No, sir.

Mr. DOUGLAS. Do you remember about what time Mr. Poole went to the Philippines?

Mr. WELCH. I think it was in September or October of that year, 1909.

Mr. DOUGLAS. Yes. Now, coming to the Mindoro Development Co., who was your counsel in the organization of that company?

Mr. WELCH. The firm of Cravath, Henderson & de Gersdorff. Mr. Leffingwell was the first man that had anything to do with the business. Mr. de Gersdorff was away at the time.

Mr. DOUGLAS. Were you here this morning when the names of the incorporators of that company were mentioned?

Mr. WELCH. Yes.

Mr. DOUGLAS. Were they the names of men with whom you are acquainted?

Mr. WELCH. In a general way, I should say yes. I think I know them. I know Mr. Bain, and I think I know Mr. Moore.

Mr. DOUGLAS. What active part in the organization of that company did you take, and how far did you leave it to your counsel?

Mr. WELCH. That is a thing you leave altogether to your counsel.

Mr. DOUGLAS. Did you in this case leave it altogether to your counsel?

Mr. WELCH. We did; if you mean by that question the routine.

Mr. DOUGLAS. I mean the means by which that company would become an incorporated company and ready to do business.

Mr. WELCH. Yes.

Mr. PARSONS. The technical steps?

Mr. DOUGLAS. Yes; the technical steps to charter and get that company started.

Mr. WELCH. Yes.

Mr. DOUGLAS. I think that is all.

Mr. MADISON. You just complied with the law of the State of New Jersey? You just aimed to comply with the law of the State of New Jersey in forming this corporation? It is a New Jersey corporation, is it not?

Mr. WELCH. Yes, sir.

Mr. MADISON. And, as a matter of fact, you got a few dummies over there to organize a company, and then you practically took possession of it. That is the fact of the matter, is it not?

Mr. WELCH. I guess so.

Mr. MADISON. You say that the idea of going over to the Philippines and acquiring the land there for the purpose of the production of sugar occurred to you about the first of the year 1909?

Mr. WELCH. Yes, sir.

Mr. MADISON. That was prompted by the fact that there was a discussion in this country at that time about permitting the entry of a large quantity of sugar free from the Philippines?

Mr. WELCH. Yes, sir.

Mr. MADISON. You understand that as a matter of fact the Congress of the United States and the President—or the gentleman who had been elected President—were very favorable to the admission of a large quantity of sugar into this country free of duty in order to build up the industry in the Philippines? That is true, is it not?

Mr. WELCH. We understood they were going to let that sugar in. We did not know exactly what their motives were.

Mr. MADISON. You were not particularly interested in the motive of building up the industry? That was not a matter that appealed to you?

Mr. WELCH. I do not know just how to answer that question.

Mr. MADISON. Your idea was, in going there, that if anybody was going to get any benefit—

Mr. WELCH (interrupting). That was us. [Laughter.] That is it. That was it.

Mr. MADISON. You wanted to get it?

Mr. WELCH. We wanted to get it.

Mr. MADISON. Have you not, as a matter of fact, done everything that you could to get it and to get as much as you can? Have you not?

Mr. WELCH. No, sir.

Mr. MADISON. You have not?

Mr. WELCH. No, sir.

Mr. MADISON. Now, let us see: You succeeded in getting hold of 55,000 acres, a large portion of which is sugar land. That is true, is it not?

Mr. WELCH. Yes, sir.

Mr. MADISON. And you have also succeeded in interesting friends and relatives in 7,500 acres additional, have you not?

Mr. WELCH. Yes, sir.

Mr. MADISON. Well, now does it not rather strike you that my statement of a moment ago has some little truth in it—that you have been attempting to get just as much of that as you can, for yourself and your relatives and friends?

Mr. WELCH. I was offered the Isabella estate, and I turned that down. If I had got that, I would have had twice as much. Therefore I have not got all that I could get.

Mr. MADISON. You have made a pretty fair stagger in that direction, have you not? [Laughter.]

Mr. WELCH. Well, to persons accustomed to sugar plantations in Cuba, 50,000 acres might seem like a considerable tract, but there are larger plantations in Cuba than that, so that the plantation which we contemplate is really far under the average size of 175 factories in the island of Cuba.

Mr. MADISON. You are interested in the production of sugar in Porto Rico, are you not?

Mr. WELCH. No, sir.

Mr. MADISON. I understood Mr. Havemeyer to say that you were.

Mr. PARSONS. No: He said Mr. Senff was.

Mr. MADISON. I beg pardon. You have not been interested in the production of sugar in Porto Rico, then?

Mr. WELCH. No, sir.

Mr. MADISON. And Mr. Senff has. Do you know to what extent he is interested in the production of sugar there?

Mr. WELCH. No, sir.

Mr. MADISON. Quite extensively, as a matter of fact, is he not?

Mr. WELCH. I do not know.

Mr. MADISON. Is he here to-day?

Mr. WELCH. No.

Mr. MADISON. You are interested in Cuba?

Mr. WELCH. Yes, sir.

Mr. MADISON. Extensively, or otherwise?

Mr. WELCH. Well, we are pretty small potatoes in Cuba.

Mr. MADISON. How many tons of raw sugar does Cuba produce?

Mr. WELCH. One million eight hundred and four thousand last year.

Mr. MADISON. How many tons of sugar are produced by the companies in which you are interested?

Mr. WELCH. By the company. I am only interested in one company. It produced last year something under 16,000 short tons. The other figures are long tons.

Mr. MADISON. Are you interested in the growing of sugar cane in any other place besides Cuba and the Philippines?

Mr. WELCH. Yes, sir.

Mr. MADISON. Where?

Mr. WELCH. Hawaii.

Mr. MADISON. To what extent?

Mr. WELCH. Well, that is a complicated question. I have an interest in quite a number of plantations there, directly or indirectly.

Mr. MADISON. To put it in another way, how many tons of sugar do the companies in which you are interested in Hawaii produce?

Mr. WELCH. I could not tell you that exactly.

Mr. MADISON. No; I do not care to have you tell me exactly, but approximately.

Mr. WELCH. Well, by that question do you mean directly?

Mr. MADISON. In which you have stock; in which you have a real substantial interest.

Mr. WELCH. There is the Wailuka Co. I have some stock in that company, which makes about 17,000 tons of sugar.

Mr. RUCKER. Short or long tons?

Mr. WELCH. Always short, in Hawaii. Then, there is the Ewa plantation, that makes something over 30,000 tons of sugar. And there is the Waialua plantation, which makes about 30,000 tons of sugar. I have stock in all three of those companies.

Mr. MADISON. Now, then, assuming your enterprise in the Philippines to be a reasonable success, how much sugar would you likely produce on the San Jose estate—assuming it to be in a fair state of cultivation; that is, that part of it which can be used to produce sugar cane?

Mr. WELCH. We are starting off at a 500 tons of cane a day grinding.

Mr. MADISON. Well, that, of course, is Latin to me—or Greek or anything else—I see I am admitting my ignorance of Latin by using that expression. [Laughter.]

Mr. CRUMPACKER. That is the capacity of the mill?

Mr. WELCH. Yes, sir.

Mr. MADISON. In other words, that means nothing to me—500 tons per day. I want to know what you figure the productive capacity of that estate to be, or what it will be when you get it in a fair state of cultivation.

Mr. WELCH. Well, 500 tons of cane a day would be a crop of 5,000 tons of sugar a year.

Mr. MADISON. Do you figure that that is the utmost capacity of the estate?

Mr. WELCH. Oh, no.

Mr. MADISON. What would you say was the productive capacity of the estate? What are you estimating that you can get in sugar out of that estate when you get it reduced to a state of cultivation?

Mr. WELCH. We think about 1,000 tons a day; 10,000 tons a year, if things go right. If they do not go right, we will keep down to the

5,000 tons. We have 25 acres of cane planted to-day and the prospects look very bad for next year.

The CHAIRMAN. How many acres did you say?

Mr. WELCH. Twenty-five; and our manager has to come here and drop the whole thing. That will put us back a year.

Mr. MADISON. Do you figure that you can ultimately produce about 10,000 tons of raw sugar on that estate?

Mr. WELCH. We should do that, easily; yes.

Mr. MADISON. And the other folks, on their 7,500 acres, ought to be able to produce about how much, after they get in good running order?

Mr. WELCH. I have not enough information in regard to the quality of those lands to make any kind of a guess at all.

Mr. MADISON. You said that some of these people that were interested in these Colono companies are your relatives. Who are they and what relation do they bear to you?

Mr. DOUGLAS. He stated that.

Mr. MADISON. I did not hear it, and if the members of the committee will permit him to repeat the answer, I should like to know.

Mr. WELCH. There is Eugene Lent, my brother-in-law.

The CHAIRMAN. I have here a communication which has been sent to me by Capt. Sleeper, the director of lands of the Philippines, and if there is no objection, I will place this communication in the record at this time. It purports to give the names of all the stockholders of those companies. You may care to ask him about them. Without objection, I will put these papers in the record at this point.

(The papers referred to are as follows:)

LENT & HUMPHREY,

ATTORNEYS AT LAW,

San Francisco, Cal., December 29, 1910.

CHARLES H. SLEEPER, Esq.,

Care of Bureau of Insular Affairs of War Department,

Washington, D. C.

DEAR SIR: We inclose the under-mentioned papers, which our Manila correspondents, Messrs. Bruce, Lawrence, Ross & Block, instructed us to forward to you to be used at some congressional investigation about to be had concerning the acquisition of certain lands in the Philippine Islands?.

The inclosures are as follows:

Affidavits of secretary and stockholders of the San Carlos Agricultural Co.

Affidavits of secretary and stockholders of the San Mateo Agricultural Co.

Affidavits of secretary and three stockholders of the San Francisco Agricultural Co.

If the foregoing are in any particular insufficient, or if any additional evidence is required, we should be obliged if you would so advise us.

Yours, very truly,

LENT & HUMPHREY.

COMPLETE LISTS OF STOCKHOLDERS IN OR MEMBERS OF THE SAN FRANCISCO AGRICULTURAL CO., ETC.

San Francisco Agricultural Co.—Stockholders: William F. Humphrey, Elizabeth L. Welch, Homer P. Brown, J. Montgomery Strong, T. T. McDonald, A. C. Hampton.

San Carlos Agricultural Co.—Stockholders: A. P. Welch, J. D. McFarland, George Jones.

San Mateo Agricultural Co.—Stockholders: Eugene Lent, Robert J. McGahie, George D. Perry.

STATE OF CALIFORNIA,

City and County of San Francisco, ss:

Homer P. Brown, being first duly sworn, deposes and says: That he is the duly qualified, elected, and acting secretary of the San Francisco Agricul-

tural Company, a corporation organized and existing under and by virtue of the laws of the State of California; that as such secretary he has charge of and keeps the books of said corporation wherein is shown who the members and stockholders of said corporation are; that said books are accurately and properly kept; and that the paper writing attached to this affidavit and made a part thereof contains an accurate and true list of all the stockholders or members of said San Francisco Agricultural Company as transcribed from said books so kept by him as aforesaid.

HOMER P. BROWN.

Subscribed and sworn to before me this 22d day of December, 1910.

[SEAL.]

JAMES F. McCUE,
*Notary Public in and for the City and
County of San Francisco, State of California.*

Complete list of stockholders in or members of the San Francisco Agricultural Company, a corporation, as taken from the books of said corporation, this 22nd day of December, 1910.

To be attached to the affidavit of Homer P. Brown, the secretary of the San Francisco Agricultural Company.

Stockholders: William F. Humphrey, Elizabeth L. Welch, Homer P. Brown, J. Montgomery Strong, T. T. McDonald, A. C. Hampton.

STATE OF CALIFORNIA,

City and County of San Francisco, ss:

Homer P. Brown, being first duly sworn, deposes and says: That he is the identical Homer P. Brown whose name appears of record as a stockholder in, or member of, the San Francisco Agricultural Company, a corporation organized and existing under and by virtue of the laws of the State of California, for the purpose of acquiring lands for agricultural purposes in the Philippine Islands; that he is not a member of any other corporation engaged in agriculture or mining in said Philippine Islands, nor is he in anywise interested in any other corporation engaged either in agriculture or mining in said Philippine Islands.

HOMER P. BROWN.

Subscribed and sworn to before me this 22d day of December, 1910.

[SEAL.]

JAMES F. McCUE,
*Notary Public in and for the City and
County of San Francisco, State of California.*

STATE OF CALIFORNIA,

City and County of San Francisco, ss:

William F. Humphrey, being first duly sworn, deposes and says that he is the identical William F. Humphrey whose name appears of record as a stockholder in, or member of, the San Francisco Agricultural Company, a corporation organized and existing under and by virtue of the laws of the State of California, for the purpose of acquiring lands for agricultural purposes in the Philippine Islands; that he is not a member of any other corporation engaged in agricultural or mining in said Philippine Islands, nor is he in anywise interested in any other corporation engaged either in agriculture or mining in said Philippine Islands.

WILLIAM F. HUMPHREY.

Subscribed and sworn to before me this 22d day of December, 1910.

[SEAL.]

JAMES F. McCUE,
*Notary Public in and for the City and
County of San Francisco, State of California.*

STATE OF CALIFORNIA,

City and County of San Francisco, ss:

A. C. Hampton, being first duly sworn, deposes and says that he is the identical A. C. Hampton whose name appears of record as a stockholder in, or member of, the San Francisco Agricultural Company, a corporation organized

and existing under and by virtue of the laws of the State of California, for the purpose of acquiring lands for agricultural purposes in the Philippine Islands; that he is not a member of any other corporation engaged in agricultural or mining in said Philippine Islands, nor is he in anywise interested in any other corporation engaged either in agriculture or mining in said Philippine Islands.

A. C. HAMPTON.

Subscribed and sworn to before me this 22d day of December, 1910.

[SEAL.]

JAMES F. McCUE,
*Notary Public in and for the City and
County of San Francisco, State of California.*

NEW YORK, January 3, 1911.

CHARLES H. SLEEPER, Esq.,
Bureau Insular Affairs, Washington, D. C.

DEAR SIR: I have been instructed to forward you the inclosed affidavits of stockholders of the San Francisco Agricultural Company.

Respectfully, yours,

J. MONTGOMERY STRONG.

STATE OF NEW YORK,
County of ———, ss:

Elizabeth L. Welch, being first duly sworn, deposes and says that she is the identical Elizabeth L. Welch whose name appears of record as a stockholder in or member of the San Francisco Agricultural Company, a corporation organized and existing under and by virtue of the laws of the State of California, for the purpose of acquiring lands for agricultural purposes in the Philippine Islands; that she is not a member of any other corporation engaged in agricultural or mining in said Philippine Islands, nor is she in anywise interested in any other corporation engaged either in agricultural or mining in said Philippine Islands.

ELIZABETH L. WELCH.

Subscribed and sworn to before me this 30th day of December, 1910.

[SEAL.]

SELAH L. BENNETT,
Notary Public, Westchester Co.

Certificate filed in New York County register's office, No. 2179.

STATE OF NEW YORK,
County of New York, ss:

J. Montgomery Strong, being first duly sworn, deposes and says: That he is the identical J. Montgomery Strong whose name appears of record as a stockholder in, or member of, the San Francisco Agricultural Company, a corporation organized and existing under and by virtue of the laws of the State of California, for the purpose of acquiring lands for agricultural purposes in the Philippine Islands; that he is not a member of any other corporation engaged in agricultural or mining in said Philippine Islands, nor is he in anywise interested in any other corporation engaged either in agriculture or mining in said Philippine Islands.

J. MONTGOMERY STRONG.

Subscribed and sworn to before me, this 3d day of January, 1911.

[SEAL.]

JOHN C. McCUSKER,
Notary Public, Nos. 16 and 2013, New York County.

STATE OF NEW YORK,
County of ———, ss:

T. T. Macdonald, being first duly sworn, deposes and says: That he is the identical T. T. Macdonald whose name appears of record as a stockholder in, or member of, the San Francisco Agricultural Company, a corporation organized

and existing under and by virtue of the laws of the State of California, for the purpose of acquiring lands for agricultural purposes in the Philippine Islands; that he is not a member of any other corporation engaged in agricultural or mining in said Philippine Islands, nor is he in anywise interested in any other corporation engaged either in agriculture or mining in said Philippine Islands.

T. T. MACDONALD.

Subscribed and sworn to before me, this 29th day of December, 1910.

[SEAL.]

LOUIS H. WUSTEMANN,
Notary Public, No. 4, Kings County.

Certificate filed in New York County.

STATE OF CALIFORNIA,

City and County of San Francisco, ss:

J. B. McFarland, being first duly sworn, deposes and says that he is the duly qualified, elected, and acting secretary of the San Carlos Agricultural Company, a corporation organized and existing under and by virtue of the laws of the State of California; that as such secretary he has charge of and keeps the books of said corporation wherein is shown who the members and stockholders of said corporation are; that said books are accurately and properly kept, and that the paper writing attached to this affidavit and made a part thereof contains an accurate and true list of all the stockholders or members of said San Carlos Agricultural Company as transcribed from said books so kept by him as aforesaid.

J. B. McFARLAND.

Subscribed and sworn to before me this 22d day of December, 1910.

[SEAL.]

JAMES F. McCUE,
Notary Public in and for the City and
County of San Francisco, State of California.

Complete list of stockholders in, or members of, the San Carlos Agricultural Company, a corporation, as taken from the books of said corporation this 22d day of December, 1910.

To be attached to the affidavit of J. B. McFarland, the secretary of the San Carlos Agricultural Company.

Stockholders: A. P. Welch, J. B. McFarland, George Jones.

STATE OF CALIFORNIA,

City and County of San Francisco, ss:

George Jones, being first duly sworn, deposes and says: That he is the identical George Jones whose name appears of record as a stockholder in, or member of, the San Carlos Agricultural Company, a corporation organized and existing under and by virtue of the laws of the State of California, for the purpose of acquiring lands for agricultural purposes in the Philippine Islands; that he is not a member of any other corporation engaged in agricultural or mining in said Philippine Islands, nor is he in any wise interested in any other corporation engaged either in agriculture or mining in said Philippine Islands.

GEO. JONES.

Subscribed and sworn to before me this 22d day of December, 1910.

[SEAL.]

JAMES F. McCUE,
Notary Public in and for the City and
County of San Francisco, State of California.

STATE OF CALIFORNIA,

City and County of San Francisco, ss:

A. P. Welch, being first duly sworn, deposes and says: That he is the identical A. P. Welch whose name appears of record as a stockholder in, or member of, the San Carlos Agricultural Company, a corporation organized and existing under and by virtue of the laws of the State of California, for the purpose of

acquiring lands for agricultural purposes in the Philippine Islands; that he is not a member of any other corporation engaged in agricultural or mining in said Philippine Islands, nor is he in any wise interested in any other corporation engaged in agriculture or mining in said Philippine Islands.

A. P. WELCH.

Subscribed and sworn to before me this 22d day of December, 1910.

[SEAL.]

JAMES F. McCUE,
*Notary Public in and for the City and
County of San Francisco, State of California.*

STATE OF CALIFORNIA,

City and County of San Francisco, ss:

J. B. McFarland, being first duly sworn, deposes and says: That he is the identical J. B. McFarland whose name appears of record as a stockholder in, or member of, the San Carlos Agricultural Company, a corporation organized and existing under and by virtue of the laws of the State of California for the purpose of acquiring lands for agricultural purposes in the Philippine Islands; that he is not a member of any other corporation engaged in agriculture or mining in said Philippine Islands, nor is he in anywise interested in any other corporation engaged either in agriculture or mining in said Philippine Islands.

J. B. McFARLAND.

Subscribed and sworn to before me this 22d day of December, 1910.

[SEAL.]

JAMES F. McCUE,
*Notary Public in and for the City and
County of San Francisco, State of California.*

Mr. HELM. You may just state who the parties are who are related to you, and their relations to you.

Mr. WELCH. Eugene Lent, my brother-in-law; Andrew P. Welch, my brother.

Mr. HELM. Any others who are related to you?

Mr. WELCH. Yes. There is one thing that I do not want to conceal: Elizabeth L. Welch is my wife. She has a \$500 interest in that thing. If you think there is anything improper in that I will ask her to sell the thing.

Mr. RUCKER. She was the original proposer of the enterprise?
[Laughter.]

Mr. WELCH. Yes; that is why I thought she should have it.

Mr. HELM. We are not passing on that now. I am not asking any questions in the spirit of criticism.

Mr. WELCH. It might look a little queer; although I believe I could own an interest, if I wanted to, in one of those companies. However, I have not a dollar in them and am not going to have. But my wife has got \$500 in it.

Mr. HELM. Which one of the companies does she own?

Mr. WELCH. The San Francisco.

Mr. HELM. Is that the company in which your brother is interested?

Mr. WELCH. No; my brother is in the San Carlos, I think.

Mr. HELM. Do these documents here, Mr. Chairman, give the officers and directors?

The CHAIRMAN. I think not; just the stockholders [handing papers to Mr. Helm].

Mr. HELM. I notice that J. Montgomery Strong is one of the stockholders in the San Francisco Co.?

Mr. WELCH. Yes, sir.

Mr. HELM. Is Mr. Strong still in your employ?

Mr. WELCH. Well, he was simply sent out there originally on a specific mission. He is not in our employ.

Mr. HELM. Is he in your employ now in any capacity?

Mr. WELCH. No, sir; in no capacity whatsoever.

Mr. HELM. Who is J. B. MacFarland?

Mr. WELCH. That is something they have done out there in California. I do not know.

Mr. HELM. You do not know who he is?

Mr. WELCH. I think I do. I won't be sure. I would not like to testify to that.

Mr. HELM. Do you know George Jones?

Mr. WELCH. No, sir; I do not know George.

Mr. HELM. Do you know Robert J. McGahie?

Mr. WELCH. No, sir; I do not know him, either.

Mr. HELM. George D. Perry?

Mr. WELCH. Yes; I know Perry.

Mr. HELM. Who is he?

Mr. WELCH. He is a partner of my brother-in-law, Eugene Lent; some kind of a partner. He is in the law firm.

Mr. HELM. Well, the San Mateo Co. has as its stockholders Eugene Lent, Robert J. McGahie, and George D. Perry?

Mr. WELCH. Yes, sir.

Mr. HELM. So that that company is practically owned by your brother-in-law and his partner.

Mr. WELCH. It appears so.

Mr. HELM. Yes. Who is William F. Humphrey?

Mr. WELCH. William F. Humphrey is a lawyer in San Francisco; an intimate friend of mine.

Mr. HELM. Your counsel?

Mr. WELCH. Well, living in New York, I do not have to have counsel in San Francisco.

Mr. HELM. Has he been in the past?

Mr. WELCH. No.

Mr. HELM. Homer P. Brown; do you know him?

Mr. WELCH. Yes.

Mr. HELM. Who is he?

Mr. WELCH. Why, Homer P. Brown is the manager of the estate of Andrew Welch & Co. He is assistant treasurer and does all the work.

Mr. HELM. He is the manager of the estate?

Mr. WELCH. The Welch estate—my father's estate—which was an incorporated company.

Mr. HELM. And T. T. McDonald; are you acquainted with him?

Mr. WELCH. Yes; he is secretary of the Mindoro Development Co., but not a stockholder. He is my right-hand man in the office in New York. They are all very closely associated with me.

Mr. HELM. And A. C. Hampton?

Mr. WELCH. I do not know him.

Mr. HELM. He is somebody they picked up out there in California?

Mr. WELCH. Well, he may be a friend of theirs.

Mr. HELM. Who drew the contract of agreement between you and Mr. Senff and Mr. Havemeyer?

Mr. WELCH. That document that was put in file?

Mr. HELM. Yes.

Mr. WELCH. Well, that thing was drawn at that transition period, when we were going from John Hammond to Cravath, Henderson & De Gersdorff's office. I would not be just sure who drew it.

Mr. HELM. As a matter of fact, did not Mr. Hammond draw that?

Mr. WELCH. If I knew positively I could tell you.

Mr. HELM. But you do not know?

Mr. WELCH. I would not be sure about it. I would not say that he did not and I would not say that he did.

Mr. HELM. You have read it carefully and understand its contents?

Mr. WELCH. Oh, yes; I suppose so; in a general way.

Mr. HELM. I think that is all.

Mr. GARRETT. Mr. Welch, I want to ask you if you are not practically familiar with all the details of the plan for the purchase of these lands—the plan for the organization of the Mindoro Development Co. and the plans for the organization of these three California agricultural companies?

Mr. WELCH. That is a broad question—all the details.

Mr. GARRETT. Are you not, in fact, familiar with, substantially, all the details of all those transactions?

Mr. WELCH. With a good deal of them.

Mr. GARRETT. Well, now, will you not just state to the committee in a connected way the history of the purchase of these lands and the organization of the Mindoro Development Co., the organization of these California companies, and connections between them all—in a connected way, without having to ask a question and get a sentence answer? And answer it, of course, upon your oath, as you still are.

Mr. WELCH. I would get all mixed up if I tried that, because there are lots of dates in there that you could tear me all to pieces on.

Mr. GARRETT. Omit the dates and give the committee a general statement.

Mr. WELCH. I am not quite so sure about the sequence of events. I know what we did, but I do not know just when we did it, and I would get all tangled up on the dates if I tried a thing like that. If you could give me it a little more in detail, I think I could answer you.

Mr. GARRETT. It is perfectly evident that all of these organizations are related; that all of them were formed and working together toward one general purpose. At least it seems so from testimony that has been developed here.

Mr. WELCH. No; I do not think so.

Mr. GARRETT. I was just wondering if you could give to the committee a connected statement of the organization of these movements—the movement to purchase the land, the Mindoro Development Co., and of the three California agricultural companies; the general scheme of the thing.

Mr. WELCH. Well, we started out and started out men off there to purchase private lands. We would have infinitely preferred private lands, although had we bought them we might have missed this pleasure. [Laughter.]

Mr. GARRETT. Of course you will understand, Mr. Welch, that the questions that are being submitted to you by members of this committee are not being submitted in order to impertinently inquire into your private business. This committee is charged with a certain duty, under a resolution of the House. It is a public duty, and

The most valuable land to raise cane on is the land that is as near to the railroad as you can get it, because that means less of a haul for the cane. Now, we would have a strip 5 miles long and half a mile wide, belonging to the Mindoro Development Co., and no use for it under the sun, because you could not raise anything on it.

Mr. GARRETT. Why should it not raise anything on it?

Mr. WELCH. It is not an agricultural company.

Mr. GARRETT. Even an agricultural company is permitted to hold 2,500 acres of land?

Mr. WELCH. The Mindoro Development Co.'s charter especially left out the agricultural part. We wanted it to be a centrale, pure and simple.

Mr. GARRETT. You spoke about turning down the Isabella estate. Why did you do that?

Mr. WELCH. I believe that I wrote that it required a great deal of courage to go to the Philippines at all; but for anybody to take on two propositions at once there, he would be a fool.

Mr. GARRETT. And you did not want to stand in that attitude? [Laughter.]

Mr. WELCH. Not longer than necessary. [Laughter.]

Mr. GARRETT. Now, about the relations of Mr. Poole toward these companies. You say you do not know the relation of Mr. Poole toward these companies?

Mr. WELCH. No, sir; I do not know the relation, further than that he acted as agent.

Mr. GARRETT. In the purchase?

Mr. WELCH. In the purchase; and that I am not positive about; but I assumed it.

Mr. GARRETT. Do you know anything about whether he is the agent in the matter of the development of them?

Mr. WELCH. I do not know about that; but he is coming on here presently and we are going over the matter with him. I do not think it would be good policy to let him. The interests of these colono companies and the interests of the Mindoro Development Co. might conflict.

Mr. GARRETT. How?

Mr. WELCH. One is buying what the other is raising.

Mr. GARRETT. But he is also the manager of the San Jose estate, not included in the Mindoro Development Co.?

Mr. WELCH. Well, when you are starting a thing, you can not have too many high-priced men standing around doing nothing. I do not know but that would apply to the San Jose estate, too.

Mr. GARRETT. I was just going to ask.

Mr. WELCH. Yes. We have not taken all these things up yet, but they will all come up and receive our very careful attention.

Mr. GARRETT. There could not be any particular conflict of interests, could there, between the Mindoro Development Co. as it is now owned and the San Jose estate as it is now owned?

Mr. WELCH. Not now; but if we sell any large quantity of stock, the conflict would arise at once.

Mr. GARRETT. It might arise?

Mr. WELCH. Well, one is selling and the other is buying.

Mr. GARRETT. You say you know Mr. Bain, of Jersey City?

Mr. WELCH. Yes, sir.

Mr. GARRETT. What is his occupation?

Mr. WELCH. He is a lawyer.

Mr. GARRETT. Is his client living?

Mr. WELCH. I am not sure that he has one.

Mr. GARRETT. Do you know Mr. Moore, of Elizabeth, N. J.?

Mr. WELCH. Yes; I think so. They are over in Collins & Corbin's office. I have met them there.

Mr. GARRETT. What is his occupation?

Mr. WELCH. He is a lawyer in Collins & Corbin's office.

Mr. GARRETT. And Mr. Scribner, of Booneton?

Mr. WELCH. I do not think I know Mr. Scribner.

Mr. GARRETT. They are not interested, either of them, in any way, in this concern, except just merely that they were the incorporators of the Mindoro Development Co.?

Mr. WELCH. I suppose so. They are not interested now, except that Mr. Bain has one share of stock of the Mindoro Development in his name. The reason of that was that H. O. Havemeyer, who is the New Jersey director of the company now, was, for a short time, not a resident of New Jersey.

Mr. GARRETT. He now lives in New Jersey?

Mr. WELCH. Yes, sir.

Mr. GARRETT. What is the purpose of keeping the names of the real incorporators out of the charter and putting the names of dummies in?

Mr. WELCH. Well, it is usual, for one reason. In the second place, in this particular instance, we did not know whether we were ever going to use that charter or not. That company was incorporated before we knew whether we were going to get the San Jose estate or not, or whether we would take it. It was incorporated a bit ahead of time, as I remember it.

Mr. GARRETT. I see that; but I do not see why.

Mr. WELCH. I did not want to do it, for reasons which may seem foolish. If we had appeared as the incorporators of that company, I would have been bothered to death with machinery men. They would have been all over the place, asking for the job of putting up the factory. I did not want to be bothered with them.

Mr. GARRETT. That is all the reasons?

Mr. WELCH. That is all.

Mr. RUCKER. How many of the stockholders or directors of the California company are stockholders in the Mindoro Development Co.?

Mr. WELCH. The stock of the Mindoro Development Co. is divided up between—there is Mr. Senff, Mr. Havemeyer, and myself.

Mr. RUCKER. I thought you—

Mr. WELCH. Welch & Co.

Mr. RUCKER. That was not my question. My question was what stockholders of the California companies are stockholders in the Mindoro Development Co.?

Mr. WELCH. There is no common ownership. There may be, ultimately.

Mr. RUCKER. You are a stockholder in one of the California companies?

Mr. WELCH. No, sir.

Mr. RUCKER. Not at all?

Mr. WELCH. No, sir.

Mr. RUCKER. Oh, I understood otherwise.

Mr. WELCH. No, sir; I said my wife was.

Mr. RUCKER. Well, your wife, then?

Mr. WELCH. Yes.

Mr. RUCKER. Are there any common owners in the California companies—common in respect to the Mindoro Development Co., or the San Jose estate?

Mr. WELCH. Nobody has any interest whatever in the San Jose estate but Mr. Senff, Mr. Havemeyer, and myself.

Mr. RUCKER. How many acres of land do you think it is necessary for you to own for the running of the kind of a plant you are now building?

Mr. WELCH. Well, that all depends on the character of the land. Sometimes you have to buy a whole lot of land to get enough good cane land. In Cuba our experience is that one-third of the land is about all that is available for sugar; sometimes not even as big a percentage as that. I do not know enough about details out there. We have to buy whole big tracts—there are rivers and everything else all through the place that occupy a whole lot of land. If you mean how many net acres of cane do we need—is that the question?

Mr. RUCKER. Yes; I was going to ask you that question next; how many net acres of cane do you think it is necessary for you to own now in the running of the plant that you are constructing?

Mr. WELCH. A plant that would make 10,000 tons of sugar in one season—I do not know just what the lands in the Philippines will give, and nobody does; we are pioneers up there, just scratching up the ground with wooden sticks, and we do not know what cane to expect from an acre of land there. In Cuba they look for not less than 2 tons of sugar to the acre. That would make 5,000 acres in order to produce 10,000 tons of sugar—all cane land; that is, net acres. That means the roads taken out and the rivers eliminated, and all that sort of thing.

Mr. RUCKER. Well, now, do you have any knowledge about how many net acres there are in this 62,500-acre tract?

Mr. WELCH. No.

Mr. RUCKER. Then you can not tell whether you have got, including, I mean, the 7,500 of the California companies and the 55,000 of the San Jose estate, more or less than you need?

Mr. WELCH. No; we can not tell. The presumption is we have more than we need; my idea is that we should not only raise sugar, but that we should raise rice on the places, if rice is a crop which can be grown during the dead season.

In Cuba there is nothing for the labor to do when the rains begin after the grinding is finished. And it is a bad thing for a plantation not to have work all the year round for the labor. It is hard to keep them on the place. They have got to live, and they have got to have something to do.

Now, we might cultivate quite a large tract with rice and furnish work for the laborers during the dead season. It might also be necessary, and probably will be necessary, to have a large tract of land devoted to grazing purposes. On a plantation of this size in Cuba we would have at least a thousand of work oxen. I do not know what they use in the Philippines. They use the carabao, probably,

but you need a large amount of land to graze those animals on, so that you really, for a modern sugar factory, need an awful lot of land.

Mr. RUCKER. Now, then, considering what you have said about your needing so much for grazing purposes, and so much land, possibly, for the raising of rice, do you think that you have got more or less land for all purposes that you intend to use land for?

Mr. WELCH. We have all we want.

Mr. RUCKER. Have you got more than you think you need for all these purposes?

Mr. WELCH. That will largely depend on how things develop. If we find that everything goes along all right, instead of 10,000, we might make 20,000 tons, and that doubles the amount of land needed for all purposes, because if you are looking for a capacity of 20,000 tons of sugar, you have to provide an equal amount of rice land to keep that extra help you have got engaged during the dead season, and you will have to have that extra amount of work animals, and that means that amount of extra pasture that is needed, so that we do not know how much land we will need.

Mr. RUCKER. Would you have felt justified in the erection of this mill without the possibility of securing the cane that might be raised upon the 7,500 acres of these California companies?

Mr. WELCH. Oh, they do not count at all.

Mr. RUCKER. You think that did not enter into the calculation at all in your estimates of the cane that you were going to get?

Mr. WELCH. No. There is plenty of land without that.

Mr. RUCKER. We will agree there is plenty of land, but these other people, I understand, intend to go into the raising of sugar?

Mr. WELCH. Yes, sir.

Mr. RUCKER. Was not that somewhat of an inducement to you, to know that they were going to raise sugar, in determining about the building of this mill?

Mr. WELCH. Not a particle. We had all the land we wanted, but there was an important thing in there and that was this: That we are strongly in favor of the colono system; that is, getting as many raisers of cane as we possibly can. It is our desire, if we can get the proper kind of men, to dispose of the San Jose estate in small tracts, getting a good man and having him cultivate as much cane as he can properly—in other words, to split it up. We want to get just as many small people interested in raising cane for us as possible, rather than to have it a great big thing, exclusively.

Mr. RUCKER. You are not going to bring laborers into the country?

Mr. WELCH. We have got to bring laborers in ourselves. A man who is just simply hired at so much a day does as little as he can—a Filipino. But you take the case of the man who has a piece of land he is raising cane on, and it is entirely a different proposition. He knows that if he is shiftless or lazy or idle it comes out of his pocket. We pay him for what he produces—so much a ton.

Mr. RUCKER. Do you propose leasing this land out to small owners?

Mr. WELCH. We have not any definite plans on the subject, only the general idea has appealed very strongly to us. We will lease it, or sell it, or anything that appears best.

Mr. RUCKER. I understand the main object, however, where you expect to make profit is on the mill. Is that true?

Mr. WELCH. Yes.

Mr. GARRETT. You said something a while ago about while you were waiting for the opinion of the Attorney General that you organized the Mindoro Development Co. Do you mean the Attorney General of the United States?

Mr. WELCH. Yes, sir.

Mr. GARRETT. Was that question submitted to him at your instance?

Mr. WELCH. At my instance?

Mr. GARRETT. At the instance of those interested?

Mr. WELCH. That was the advice of our lawyers, and we deferred to them in the matter.

Mr. GARRETT. That was the advice of Mr. De Gersdorff?

Mr. WELCH. Of Mr. De Gersdorff.

Mr. HELM. I want to ask this: As I understand, the port where you must ship this sugar, whatever sugar you produce there, is not on your land. Am I mistaken about that?

Mr. WELCH. Why, we have got the place where the wharf is. We have a lease of what they call the foreshore.

Mr. HELM. Well, your railroad runs through some of the land belonging to these colono companies?

Mr. WELCH. Yes, sir.

Mr. HELM. You had to run your railroad through that land in order to get to a port, to a place where you could ship your stuff?

Mr. WELCH. Yes.

Mr. HELM. Consequently, it was important to you that somebody friendly to you should own that land?

Mr. WELCH. Not if he adopted the other alternative; that is, either bought the land or obtained a right of way from the Government.

Mr. HELM. But you had to resort to one of the three?

Mr. WELCH. Oh, we had to get to the port.

Mr. HELM. And it is important to you, then, under all the circumstances, that this land, through which your railroad runs, of course, should be owned by friendly parties?

Mr. WELCH. I do not know that it is important that it should be owned by freindly parties. If they were hostile to us we would have to do one or the other two things that I have mentioned.

The CHAIRMAN. I want to ask you a question or two: You have stated that foreigners already own the most of the Philippines, or something to that effect?

Mr. WELCH. That is one of the rash statements that I had no business to make. I do not know anything about it. I know that the principal interests down there are British, and there are German interests, and things like that. I could not say anything about those things. I do not know anything about it.

The CHAIRMAN. Have you any objections to stating how much land the Cape Cruz Co. owns in Cuba?

Mr. WELCH. I think we have got about 25,000 acres.

The CHAIRMAN. Can you state what the average sugar plantation is, in Cuba?

Mr. WELCH. The production?

The CHAIRMAN. The average acreage?

Mr. WELCH. I would have to get at that.

The CHAIRMAN. Approximately.

Mr. WELCH. I could not do it approximately. There are 175 centrales in Cuba, and they produced last year 1,804,000 tons. That would make an average production of 10,000 tons. I do not think the Cuban lands average quite 2 tons of sugar to the acre, but if they did average 2 tons of sugar to the acre there would be 5,000 net acres for the average plantation in Cuba.

Mr. DOUGLAS. It would indicate a very much larger acreage, however, in the whole plantation?

Mr. WELCH. Oh, yes.

Mr. DOUGLAS. That is what he means.

Mr. WELCH. Oh, yes.

Mr. DOUGLAS. What do you presume to be the average total area of the plantations in Cuba?

Mr. WELCH. In a general way, I would multiply the net area by three. But then, that is only based on our own experience at Cape Cruz.

The CHAIRMAN. How large holdings do you own in Cuba?

Mr. WELCH. Oh, 250,000 acres?

The CHAIRMAN. And in Hawaii?

Mr. WELCH. In Hawaii it is very small, comparatively. In Hawaii we get a much larger tonnage to the acre.

Mr. PARSONS. May I ask this: My recollection is that when we were considering the Porto Rican bill we were told that some of the land had to be allowed to lie fallow. Is that so, at all, in Cuba?

Mr. WELCH. Not on the Monte—on the new lands. We do not replant for 10 years.

The CHAIRMAN. Do you know about the Philippines in that regard?

Mr. WELCH. Not a blessed thing.

The CHAIRMAN. Have you any agreement or understanding between the Mindoro Development Co. and the American Sugar Refining Co. whereby the American Sugar Refining Co. is to take the products of the Mindoro Development Co.?

Mr. WELCH. No, sir.

The CHAIRMAN. Have you here the books of the Mindoro Development Co.?

Mr. WELCH. Yes, sir.

The CHAIRMAN. Have you any objection to exhibiting them?

Mr. WELCH. No [producing the books referred to].

The CHAIRMAN. You have before you the stock book and stock register, which you have produced, of the Mindoro Development Co.?

Mr. WELCH. Yes, sir.

The CHAIRMAN. Can you tell us, Mr. Welch, beginning at the beginning, who has been and who now are stockholders? My thought is that you begin at the beginning and say who are the original stockholders, the men to whom they transferred, and so on, until you get down to give us the names of the present stockholders.

Mr. WELCH. I will do my best. I am not very familiar with this, and am liable to get all mixed up.

There was 1 share in the name of Robert J. Bain; there were 25 shares in the name of Samuel S. Moore; and there were 50 shares in the name of Charles E. Scribner; and there were 24 shares in the name of Robert J. Bain.

The CHAIRMAN. That makes how many shares? It makes 100 shares.

Mr. WELCH. Yes.

The CHAIRMAN. That is the original subscription of 100 shares in the original charter by the incorporators who are named therein?

Mr. WELCH. Yes, sir.

The CHAIRMAN. Will you give us the names of those to whom those shares were transferred?

Mr. WELCH. Well, that original first share was still left in the name of Robert J. Bain.

The CHAIRMAN. Does it still stand in his name?

Mr. WELCH. Yes; it stills stands in his name. Next is Samuel S. Moore; his 25 shares were transferred to Horace Havemeyer; and 50 shares in the name of Charles E. Scribner, also transferred to Horace Havemeyer, it shows here. I do not know whether that is true or not; I do not think it is. This is all mixed up.

The CHAIRMAN. Well, just go on through, and see if you can find and give us the name of all the persons who have been and all who now are stockholders.

Mr. WELCH. That first 100 shares, everything except one share, was transferred to Mr. Havemeyer or to myself or to one of the real parties.

Mr. DOUGLAS. Or to Mr. Senff?

Mr. WELCH. Yes, sir.

Mr. DOUGLAS. Except the one share to Mr. Bain?

Mr. WELCH. Yes. They were all transferred except that one.

The CHAIRMAN. Can you give us the names of the present holders and the number of shares held by each one? Your counsel, Mr. de Gersdorff, hands me a statement showing the number of each certificate, the name of the holder, and the owner for the whole 7,500 shares, which he states you may find it convenient to verify from the books and then put it in succinct form.

Mr. WELCH. There is one share in the name of Bain.

The CHAIRMAN. That still stands in his name?

Mr. WELCH. Yes, sir. Then there is one share in the name of Charles J. Welch.

The CHAIRMAN. One certificate, you mean?

Mr. WELCH. Yes; certificate 1, in the name of Charles J. Welch, for 1,498 shares. Then there is one in the name of T. T. McDonald. That belongs to me. Mr. McDonald is not a director any more, and he has surrendered that stock to me.

The CHAIRMAN. It has not actually been transferred on the books of the company?

Mr. WELCH. No.

The CHAIRMAN. Do you hold it with a power of attorney?

Mr. WELCH. I have his signature on the back of it; but he is not a director, and he is not going to be a director.

The CHAIRMAN. I want to get at the ownership. Do you hold that certificate with power of attorney indorsed on the back?

Mr. WELCH. Yes.

The CHAIRMAN. And it belongs to you?

Mr. WELCH. And it belongs to me; yes. Then, here is 500 shares—that is canceled. Then certificate No. 5, Horace Havemeyer, 250 shares; certificate No. 6, for Horace Havemeyer, 1,000 shares; certifi-

cate No. 7, Horace Havemeyer, 1,000 shares; certificate No. 8, 200 shares, Horace Havemeyer; certificate No. 9, H. O. Havemeyer, 50 shares; certificate No. 10, Welch & Co., 500 shares; certificate No. 11, Charles J. Welch, 250 shares; certificate No. 12, C. J. Welch, 250 shares; certificate No. 14, Charles H. Senff, 2,500 shares; making a total of 7,500 shares.

The CHAIRMAN. That accounts for the entire present issue of capital stock?

Mr. WELCH. Yes.

The CHAIRMAN. Will you state, having the books before you, of your own knowledge, whether at any time any corporation or person or partnership has been a stockholder in that company except those you have named?

Mr. WELCH. Not that I know of. You mean any stock made out in their names?

The CHAIRMAN. Yes.

Mr. WELCH. No. There has been nobody except those original incorporators, and the ones whose names were just read out.

The CHAIRMAN. Have you the book of accounts there, from which you can tell who paid the money into the treasury of the Mindoro Development Co.?

Mr. WELCH. Yes, sir. I have only got the check books here. I have not got the ledgers here. We would need the ledgers.

Mr. DOUGLAS. Do you mean who paid the money into the treasury in the Philippine Islands?

The CHAIRMAN. No; into the treasury of the Mindoro Development Co.

Mr. WELCH. I could tell you.

The CHAIRMAN. Well?

Mr. WELCH. Mr. Havemeyer and Mr. Senff and myself each paid in \$250,000.

The CHAIRMAN. And you acquired the stock certificates that stood in the names of the other parties?

Mr. WELCH. Yes, sir.

The CHAIRMAN. No one else has ever paid anything into the company for stock?

Mr. WELCH. No.

The CHAIRMAN. Can you tell as to the payment which was originally made to the Philippine government—the first installment on the purchase of the San Jose estate—in what form the payment was actually made? How the money was actually paid?

Mr. WELCH. The transaction at this end was as follows: There was a check drawn on the United States Trust Co. The account was the Horace Havemeyer, Charles J. Welch, and Charles H. Senff special account, under an agreement of October 25, 1909—I think the date is about right. There was a check drawn on that account for \$90,000, deposited with the Hongkong and Shanghai Bank for remittance to Manila. Then we got back a voucher, signed by Mr. Poole, stating that part of that money had been paid for the purchase of the San Jose estate.

The CHAIRMAN. You say \$90,000 was deposited in the Shanghai and Hongkong Bank to be transferred to Manila?

Mr. WELCH. Yes.

The CHAIRMAN. Who was authorized to draw that money out of the account at Manila?

Mr. WELCH. Mr. Poole.

The CHAIRMAN. Your understanding is that he did draw it and make the payment with it?

Mr. WELCH. That is my understanding.

Mr. GRAHAM. From the experience that you have had from your investment in the Philippines, with the experience you have already had, had you had that prior to entering into it would you have gone into this venture? Are you satisfied that you have made a profitable venture, so far, in other words?

Mr. WELCH. Well, sir; a sugar plantation at the start is an awfully discouraging proposition; and there is always coming a time when you start a plantation new when you wish you had not. I don't know whether we are just at that period or not. But they will work out all right, eventually. Ours have. You will run up against all sorts of things that you never dreamed of. You do your best to avoid mistakes that you have made in the past, but there is a whole lot of new troubles that you never thought of coming up all the time.

Mr. GRAHAM. But, on the whole, you are satisfied, at present, with your investment?

Mr. WELCH. I would rather say not yet dissatisfied. [Laughter.]

Mr. MARTIN. Was the \$90,000 special account deposited in the bank at New York and forwarded to the Hongkong account separate and apart from the \$750,000 paid into the Mindoro Development Co.?

Mr. WELCH. The Mindoro Development Co. did not have a bank account at that time.

Mr. MARTIN. To put my question in another way: Was that \$90,000 credited to your stock subscription in the Mindoro Development Co.?

Mr. WELCH. It could not be credited to our stock subscription. It was paid for the friar-estate land, the first purchase price.

Mr. MARTIN. You sent the \$90,000 to Hongkong?

Mr. WELCH. No; to Manila, not to Hongkong.

Mr. MARTIN. You sent that amount there separate and apart from the stock subscription that you had paid into the Mindoro Co.?

Mr. WELCH. Yes.

Mr. MARTIN. In other words, then, you have paid into the Mindoro Co. \$250,000 plus.

Mr. WELCH. I had paid \$250,000 into the Mindoro Development Co. I did not pay the \$90,000 into the Mindoro Development Co. It never went in.

Mr. MARTIN. I understand that. You paid \$250,000 into the Mindoro Co., plus \$30,000 into the special fund for the land?

Mr. WELCH. Yes, sir.

Mr. MARTIN. Making your total payments \$280,000. Is that the fact?

Mr. WELCH. No; not exactly. We put up more than that for our investment in the San Jose.

The CHAIRMAN. See if I understand it: You had already started an account in the name of Havemeyer, Welch & Senff for a large amount, and on that account you drew for \$90,000 to be transferred to Manila?

Mr. WELCH. Yes, sir.

The CHAIRMAN. That is what I understood.

Mr. MARTIN. And then, after drawing for the transfer to Manila, did you also draw on that account for the stock subscription to the Mindoro Co.?

Mr. WELCH. There was not much left in that account. We paid in our stock subscriptions later on.

Mr. MARTIN. The \$90,000 was forwarded to Manila before you paid in anything on stock subscriptions to the Mindoro Co.?

Mr. WELCH. It was something like that.

Mr. MARTIN. You have stated that you did not think the Mindoro Co. would permit Mr. Poole to act as a manager of the three California companies?

Mr. WELCH. Did I put it as strong as that or did I say it was a question?

Mr. MARTIN. I do not want to state it any more strongly than you did.

Mr. WELCH. What I wanted to say was that that matter would have to be brought up before the board of directors and seriously discussed before it would be permitted.

Mr. MARTIN. Would you want to convey the impression to the committee that there would probably be objection to his acting in that capacity, since your statements as to who compose the California companies?

Mr. WELCH. Objection on whose part?

Mr. MARTIN. Objection on the part of the Mindoro Co. to Mr. Poole acting for the three California companies in Mindoro.

Mr. WELCH. That question might come up. There might be objection on the part of the directors.

Mr. MARTIN. But is there not such a very close community of interest, so to speak, between the Mindoro and the three California companies that you do not anticipate friction between them, so as to make his acting in that capacity objectionable? Is not that true?

Mr. WELCH. You never can tell about those things. The only thing to do is to take every precaution.

Mr. MARTIN. But you do not anticipate it, do you?

Mr. WELCH. That has got nothing to do with it—whether we anticipate it or not.

Mr. MARTIN. You did not anticipate it to the extent that you built a railroad across the lands of those corporations without getting their permission?

Mr. WELCH. No. If there had been any trouble we would have tried to get a right of way in some other way.

Mr. MARTIN. In other words, the relations between the Mindoro Co. and the three California corporations are so amicable at this time that the Mindoro Co. proceeded without the consent of the three California companies to build a railroad across their lands. Is not that true?

Mr. WELCH. The Mindoro Co. proceeded to build a railroad just as quick as ever it could get there.

Mr. MARTIN. And it built it across the lands of the California corporations?

Mr. WELCH. The lands did not belong to the California corporations at the time we started to build the road.

Mr. GRAHAM. They purchased afterwards, as I understand it.

Mr. WELCH. They purchased afterwards. It was not for a long time. It was a rather curious thing to do, I admit, but, by golly, we had to get that railroad built. [Laughter.]

Mr. MARTIN. Then you did not get permission from the Philippine Government either, did you?

Mr. WELCH. No; I don't think so. I do not know anything about that. They may have got that. I would not say they have not. How do I know?

Mr. MARTIN. Do you not know, as a matter of fact, Mr. Welch, that the Mindoro Co. did not get a right of way from the Philippine Government, or condemn a right of way across these lands that are now owned by the three California companies?

Mr. WELCH. I do not think there were any condemnation proceedings. I do not know; but I do not think there were.

Mr. MARTIN. When did the California companies get their lands?

Mr. WELCH. I do not know just exactly, but it takes sometime to get lands in the Philippines.

Mr. MARTIN. So that you proceeded to build a railroad there without getting permission from either the Philippine Government or the California corporations?

Mr. WELCH. The California corporations could not give it, because they did not have these lands.

Mr. MARTIN. When did you go to California to talk over with your relatives and friends the matter of organizing these companies and buying public land adjacent to the Mindoro estate?

Mr. WELCH. I do not remember just exactly. I suppose it was in the fall of 1909, some time.

Mr. MARTIN. Well, was it after Mr. Poole had consummated the negotiations with the Philippine Government in Manila?

Mr. WELCH. That I first mentioned the subject?

Mr. MARTIN. Yes.

Mr. WELCH. Oh, it was before that.

Mr. MARTIN. You had talked with them before Mr. Poole had made any negotiations with the Philippine Government?

Mr. WELCH. Yes. Yes, sir.

Mr. MARTIN. How long before?

Mr. WELCH. I do not know just exactly about that.

Mr. MARTIN. Was it in 1909?

Mr. WELCH. Yes; I guess it was in 1909.

Mr. MARTIN. Would you undertake to approximate the time of the year—the month?

Mr. WELCH. It was in the fall.

Mr. MARTIN. The fall of 1909?

Mr. WELCH. Yes.

Mr. MARTIN. Do you think it was in September?

Mr. WELCH. It may have been.

Mr. MARTIN. You said you thought Mr. Poole and Mr. Prentiss went to Manila in September or October; but they first appeared at the land office there on the 12th of October, so that they must have left this country about the 1st of September; would not that be the case?

Mr. WELCH. That is not unreasonable.

Mr. MARTIN. Now, then, assuming that they left this country about the 1st of September, about how long prior to that was it that you talked this matter over with your relatives and friends?

Mr. WELCH. You mean before Mr. Poole and Mr. Prentiss left?

Mr. MARTIN. Yes.

Mr. WELCH. They had gone before I got out to California.

Mr. MARTIN. That is what I am trying to get at. Then if they were gone on this mission to the Philippines before you went to California, about when did you go?

Mr. WELCH. About October or September or November—somewhere around there.

Mr. MARTIN. Whereabouts did you talk to them about land locations which might be desirable for them to acquire? What lands, if any, did you indicate to them?

Mr. WELCH. That scheme was mighty chaotic at that time. It was not a question of any particular lands, but merely a question that they were public lands in the vicinity.

Mr. MARTIN. In the vicinity of what?

Mr. WELCH. In the vicinity of a piece of land that we had put up a factory on. There were public lands all through the place around there.

Mr. MARTIN. You had not put up a factory at that time?

Mr. WELCH. No; the factory location, I should say.

Mr. MARTIN. Exactly. Was that location sufficiently definite at that time for you to indicate to your California friends and relatives about where they ought to locate?

Mr. WELCH. No.

Mr. MARTIN. The idea just was that you were going over there, or had an agent going over there, to secure lands and that you were going to put up a sugar centrale, and that they ought to get lands in the immediate vicinity?

Mr. WELCH. No; not that they ought to do it.

Mr. MARTIN. You suggested that it would be a good investment.

Mr. WELCH. They could see that themselves. They wanted lands somewhere near our factory.

Mr. MARTIN. I will be frank with you, Mr. Welch. What I am trying to get at is this: If Mr. Poole had just left this country in the early part of September, and would not arrive in the Philippines until October, and just had a roving commission to go all over the Philippine Islands hunting for land, and did not have any definite locality in view, I do not understand how you could have then gone out and interested your California friends and relatives in this particular locality where they did buy their lands.

Mr. WELCH. As a matter of fact, I did not. When they went out there the idea was to buy that Eduardo tract and that Kiki tract, and the idea then, on their part, was to buy public lands in the vicinity of the Kiki tract and Eduardo tract. But after we changed our plan, they changed their plan.

Mr. MARTIN. Exactly. Now, then, these particular tracts, the Eduardo tract and the other one, were in the same locality as the Mindoro, were they not—right adjacent to it; in fact, right south of it?

Mr. WELCH. They were south of it.

Mr. MARTIN. Yes. How did they get in connection with Mr. Poole—these California parties?

Mr. WELCH. I do not know. Very likely I wrote out to them about it. I guess I did. I very likely must have indicated to Mr. Poole that these California people wanted to buy the land.

Mr. MARTIN. Did you not write out to them, or say to them in person, that Mr. Poole had gone out there to get a large tract of land for you and your associates, and that you were going to organize this company and build a sugar centrale and a railroad, and all that sort of thing, and that it would be advisable for them to have Mr. Poole act in the same identical capacity for them in the Philippines in which he would act for you and your associates? Is not that about the way you put it up to them?

Mr. WELCH. I do not recall that conversation.

Mr. MARTIN. They must have gotten into communication with Mr. Poole pretty quickly.

Mr. WELCH. Yes. You can get into communication by cable.

Mr. MARTIN. He did not file the application for their lands such a very long time after the consummation of the San Jose transaction, did he?

Mr. WELCH. I do not know when he did file them?

Mr. MARTIN. The San Jose transaction was not finally consummated until the 4th of January; my recollection is—the record will speak for itself, and I do not want to put wrong dates up to you—that Mr. Poole filed the California applications about the 1st of May?

Mr. WELCH. Yes.

Mr. MARTIN. About four months afterwards?

Mr. WELCH. As late as that?

Mr. MARTIN. Yes; about four months afterwards. It would take quite a while for the correspondence back and forth. There would have to be business arrangements. People who are going to buy 7,500 acres of land over there——

Mr. WELCH. At 50 cents an acre.

Mr. MARTIN (continuing). Would have to organize at home a little, and a couple of exchanges by mail between Mr. Poole and your relatives and friends in California would use up that three or four months intervening time, would it not?

Mr. WELCH. Yes.

Mr. MARTIN. Is not that true?

Mr. WELCH. I should think so.

Mr. MARTIN. You have not any copies of any correspondence with you, between yourself and your California relatives and friends, that you would care to exhibit to the committee, about what they might do out there, and who might act for them, and so forth?

Mr. WELCH. I do not recall any.

Mr. MARTIN. Your brother, Andrew P. Welch, I believe you said had his interest in the San Carlos?

Mr. WELCH. Yes; that is my recollection.

Mr. MARTIN. How much of an interest has he got in it?

Mr. WELCH. I do not know.

Mr. MARTIN. Do you know what it is capitalized for?

Mr. WELCH. No; I do not. But you have got those papers, have you not?

Mr. MARTIN. I have not seen them. You do not know what your brother's interest in the San Carlos estate is, then?

Mr. WELCH. No.

Mr. MARTIN. You say your wife's interest in the San Francisco estate is only \$500?

Mr. WELCH. Yes, sir.

Mr. MARTIN. Who has got the controlling interest in that estate, do you know?

Mr. WELCH. I think there are about five in there, and all about the same.

Mr. MARTIN. Now, do I understand you to say that Eugene Lent was your brother-in-law?

Mr. WELCH. Yes, sir.

Mr. MARTIN. Is he in the other estate—the San Mateo?

Mr. WELCH. Yes.

Mr. MARTIN. He is in the other one?

Mr. WELCH. Yes.

Mr. MARTIN. What interest has he got in the San Mateo?

Mr. WELCH. I do not know that, either.

Mr. MARTIN. So that your brother-in-law is in one of the three California corporations; your brother in another——

Mr. WELCH. Yes.

Mr. MARTIN (continuing). And your wife in the third?

Mr. WELCH. Yes, sir; quite a family party. [Laughter.]

Mr. MARTIN. Yes; very evidently. And this Mr. Haman, of New York, who is the secretary of one of the companies?

Mr. WELCH. Mr. Hammond?

Mr. MARTIN. Did I not understand you to say that?

Mr. PARSONS. It was Mr. McDonald, was it not?

Mr. MARTIN. Did I understand you correctly that Mr. Haman, who is connected with one of those companies, is in New York, the secretary of one of them?

Mr. WELCH. I do not know that. I do not remember about that.

Mr. MARTIN. Who did you say was in your office in New York?

Mr. WELCH. Mr. McDonald.

Mr. MARTIN. Mr. McDonald?

Mr. DOUGLAS. He was secretary of the Mindoro?

Mr. WELCH. Yes; secretary of the Mindoro, but not a stockholder.

Mr. MARTIN. I understood—I may have been mistaken; a man can not, of course, catch everything correctly—I understood you to say that Mr. Haman, who was connected with these three California companies in some way, was in your office in New York?

Mr. WELCH. Mr. McDonald.

Mr. MARTIN. How long has he been in your office in New York?

Mr. WELCH. Twelve years.

Mr. MARTIN. Was he out in California?

Mr. WELCH. Yes.

Mr. MARTIN. Last fall?

Mr. WELCH. No; he has not been in California since he left there.

Mr. MARTIN. What did you say his connection was out there with one of these California companies?

Mr. WELCH. He is a stockholder.

Mr. MARTIN. In which one?

Mr. WELCH. The San Francisco.

Mr. MARTIN. To what extent?

Mr. WELCH. \$500.

Mr. MARTIN. He acquired that interest in the San Francisco company without going out there?

Mr. WELCH. Yes. You do not have to go out to buy stock, you know.

Mr. MARTIN. I understand that. It was not necessary, evidently, for anybody connected with your business relations or your family to go anywhere to get an interest in these things. [Laughter.]

Mr. WELCH. No. [Laughter.]

Mr. DOUGLAS. You let anybody in that wanted to come in?

Mr. WELCH. Yes.

Mr. MARTIN. What relation does he bear to you in your office in New York?

Mr. WELCH. Why, he is my right-hand man there.

Mr. MARTIN. Have you got any other man who was interested in any of these California corporations?

Mr. WELCH. No.

Mr. MARTIN. Besides McDonald?

Mr. WELCH. No; nobody but McDonald.

Mr. MARTIN. You say that you have 20 per cent of the stock of Welch & Co.?

Mr. WELCH. Yes.

Mr. MARTIN. It is a California company?

Mr. WELCH. Yes.

Mr. MARTIN. And I understood you to say that was a commission company of some kind?

Mr. WELCH. Yes.

Mr. MARTIN. What kind of a commission company—sugar?

Mr. WELCH. Sugar.

Mr. MARTIN. Who has the other 80 per cent of that?

Mr. WELCH. My brother has an equal share with me.

My mother has some stock. The Welch family holds 50 per cent of the stock of that company, and I do not know just how the rest of the stock is divided up, as President R. P. Rithett has some stock.

Mr. MARTIN. Has your brother-in-law, Eugene Lent, any interest in Welch & Co.?

Mr. WELCH. No.

Mr. MARTIN. He has none?

Mr. WELCH. No; none at all.

Mr. MARTIN. But your brother has?

Mr. WELCH. My brother has; yes.

Mr. MARTIN. You said, if I understood you correctly, in answer to Judge Rucker's question, that ultimately some of the stockholders in the three California companies might become stockholders in the Mindoro Co.?

Mr. WELCH. I said we would have no objections to it, if there was no objection in law. If there is any law about it, they will not do it, but if there is no legal objection to it, why, when the proper time comes, we would have no objection to their buying stock.

Mr. MARTIN. Have the operations of the Mindoro Development Co. and the development of your plans been retarded by this investigation?

Mr. WELCH. Well, you have taken our only agriculturist away.

Mr. MARTIN. I mean, aside from that? He is just leaving you now.

Mr. WELCH. This is the time we are planting the cane.

Mr. MARTIN. I understand, but I mean any antecedent matters, aside from that?

Mr. WELCH. What antecedent matters? Taking him away is the worst thing you can do. This is the first time you have taken him away.

Mr. MARTIN. This sale was first attacked in Congress the latter part of March, 1910. What, if any, effect has that and subsequent attacks on the proposition had to do in the way of retarding the development of your plans?

Mr. WELCH. I do not think—how could it retard the development of our plans?

Mr. MARTIN. That is what I want to know.

Mr. WELCH. If you had scared us stiff we would have dropped in our tracks. You scared us, but not stiff. [Laughter.]

Mr. MARTIN. Is it not likely, Mr. Welch, if every thing had gone on without criticism, or without being assailed in any way, that the interrelations between these companies and persons interested in them might have developed further than they have under the circumstances?

Mr. WELCH. Not a particle; not a bit.

Mr. MARTIN. Everything has proceeded just the same as though no investigation was contemplated or threatened?

Mr. WELCH. Yes; exactly; just exactly. We have tried our best to obey the law.

Mr. MARTIN. But they have not developed to where they would in course of time develop—I mean, the interrelations—if matters went on and no question was raised about it?

Mr. WELCH. As far as the relations are concerned, that has not made any difference at all. The three California companies always were intended to be absolutely independent. The Mindoro Development Co. never wanted a dollar's worth of interest in the three California colono companies. It did not want it. It would not know what to do with it if it had it. And the San Jose estate is a private investment of Mr. Havemeyer, Mr. Senff, and myself. The Mindoro Development Co. is the centrale, the manufacturing company, and has no interest whatever in agricultural operations. Investigation or no investigation, those things would have gone on in the same way.

Mr. MARTIN. You have had sufficient experience as a business man and a corporate business man, and so forth, have you not, to have heard the term, "community of interest," and you have some idea of what that means—community of interest between companies?

Mr. WELCH. Yes, sir; I have heard of community of interest.

Mr. MARTIN. Do you not think there that the conditions, all the facts and circumstances surrounding the Mindoro estate and the three California companies' lands and the Mindoro Development Co. at this time indicate a very close community of interest?

Mr. WELCH. As far as the San Jose estate and the Mindoro Development Co. is concerned, there is a mighty close community of

interest. We are practically the same. There is no getting away from that. There is no community of interest between the colono companies and the Mindoro Development Co.

Mr. DOUGLAS. Or the San Jose estate and the colono companies?

Mr. WELCH. No; nor between the San Jose estate and the colono companies. They are independent.

Mr. MARTIN. You think all the facts you have testified to before the committee do not establish any community of interest?

Mr. WELCH. We have done our best to keep away from any community of interest in them.

Mr. MARTIN. You stated that you had some kind of a shore lease.

Mr. WELCH. Foreshore, they call it out there; whatever that means.

Mr. MARTIN. I never heard that expression before myself. I am not a sailor. What does that mean?

Mr. WELCH. I do not know what it means.

Mr. MARTIN. Does that mean along the beach?

Mr. WELCH. I don't know.

Mr. MARTIN. How do you spell that word "fore?"

Mr. WELCH. "F-o-r-e." That was in a letter to Mr. De Gersdorff.

Mr. MARTIN. It just struck me that it meant the shore line land.

Mr. WELCH. I don't know what it means.

Mr. MARTIN. What I wanted to know was how much of a shore line you have gotten there, and where you have got it?

Mr. WELCH. I can show you a picture of the wharf, if you would like to see it, and if you can pick out the foreshore, all right.

Mr. WORCESTER. The foreshore is the land between high tide and low tide; the land that is left exposed by the water when it recedes. The Philippine government does not dispose of such lands; it simply leases them.

Mr. MARTIN. Do you know for how long a time the foreshore has been leased to the Mindoro Co.?

Mr. WELCH. Mr. De Gersdorff has got that. I would say 25 years, but I would not swear to that.

Mr. MARTIN. That port there—the harbor—is the most accessible port or harbor to these lands, is it not?

Mr. WELCH. Yes.

Mr. MARTIN. Where is there another place suitable for a dock for deep-draft vessels along the shore around there?

Mr. WELCH. I am not going to tell you. You might go out there and put up a factory there. I know where there is one, though. [Laughter.]

Mr. MARTIN. You know where there is one?

Mr. WELCH. Yes. I am not going to tell you. We have too much competition on Mindoro.

Mr. MARTIN. I am not going out there to put up any factory there, so that you are in no danger on that score. How far away is it, about?

Mr. WELCH. Not very far.

Mr. MARTIN. You would not want anybody to get onto that and use it, would you, then?

Mr. WELCH. Well, I was afraid you would be a hostile interest. [Laughter.]

Mr. MARTIN. The point I am getting at is this: I want to know what the situation of the three California companies is, composed of

your friends and relatives and employees, lying between the San Jose estate lands, with your railroad running through them, and a harbor on which the Mindoro company has a lease. That is what I am trying to get at.

Mr. DOUGLAS. They have only got a lease on a part of the harbor.

Mr. WELCH. There is another place down there, near the Caguray River—that is, where we were going to put up the factory first—and the water there is deeper, and all that sort of thing, and the thing is more protected than Mangarin.

Mr. MARTIN. If you get the centrale and the railroad and harbor facilities there, you have practically got a monopoly of that end of Mindoro Island, have you not?

Mr. WELCH. Not by a long sight.

Mr. MARTIN. You have practically got a “cinch”?

Mr. WELCH. No, sir.

Mr. MARTIN. You do not mean to say to this committee that you operate on any other than a cinch basis, if you can get a cinch, do you?

Mr. WELCH. Yes; we can not get a cinch.

Mr. MARTIN. You have had enough experience to get one, if there is one lying around?

Mr. WELCH. How do you know what my record is in cinch-getting?

Mr. MARTIN. You have been traveling in pretty classy company.

Mr. WELCH. Such as?

Mr. MARTIN. That is the way it strikes me. But to proceed, you sent Mr. J. Montgomery Strong out there, did you?

Mr. WELCH. Yes, sir.

Mr. MARTIN. How long was he gone?

Mr. WELCH. From the 1st of March to about the middle of July.

Mr. MARTIN. Who paid his expenses beside you?

Mr. WELCH. Mr. Havemeyer.

Mr. MARTIN. Anybody else?

Mr. WELCH. We paid his expenses.

Mr. MARTIN. Just you two?

Mr. WELCH. Yes.

Mr. MARTIN. He came back and reported to you?

Mr. WELCH. Yes.

Mr. MARTIN. About these Eduardo lands and the others with the unpronounceable name?

Mr. WELCH. Just say ki twice—Kiki. [Laughter.]

Mr. MARTIN. And they were not satisfactory?

Mr. WELCH. What?

Mr. MARTIN. You say they were not satisfactory—those lands; when Mr. J. Montgomery Strong reported to you, his report was not considered favorable?

Mr. WELCH. You bet it was. We would not have sent the men out there if the report had not been favorable. But he did not report favorably on the friar lands.

Mr. MARTIN. Did he not come back and tell you that there were some large friar estates there that were for sale?

Mr. WELCH. Yes.

Mr. MARTIN. Very desirable lands?

Mr. WELCH. He did not say anything of the sort; because the other lands were a great deal cheaper.

Mr. MARTIN. He said they were there?

Mr. WELCH. Yes; they were there.

Mr. MARTIN. He reported to you about the San Jose estate, did he?

Mr. WELCH. Yes. He never looked at the San Jose estate much. You see, the price of the San Jose estate was about \$6.50 an acre, and we could get the rest of the stuff for much less money, and just as good; and consequently he looked very unfavorably on the San Jose estate, on account of the cost of it.

Mr. MARTIN. Did he report to you on the Isabela, also?

Mr. WELCH. No; he never went up there.

Mr. MARTIN. Then, after his visit you sent Mr. Poole?

Mr. WELCH. Yes.

Mr. MARTIN. And Mr. Prentiss?

Mr. WELCH. Yes, sir.

Mr. MARTIN. Why did they want to go back and look at the same land that Mr. Strong had gone out there to look at?

Mr. WELCH. Why did they want to? Because they are sugar experts—at least, not Mr. Prentiss, but Mr. Poole is.

Mr. MARTIN. What is Mr. Strong—just a lawyer?

Mr. WELCH. No; he is not even that. [Laughter.]

Mr. MARTIN. What is he?

Mr. WELCH. He is a bank president. He is the president of a bank in a small town; Little Falls, N. J.

Mr. MARTIN. What connection did you have with him that would cause you to send him on such a mission as that?

Mr. WELCH. He was in the family—a cousin of my wife. [Laughter.]

Mr. MARTIN. How long prior to the time you sent Mr. Strong to the Philippines had you had it in mind that it would be a profitable field for sugar development?

Mr. WELCH. Well, I do not know just when we made up our minds that that 300,000 ton business was going through, and then, of course, we were thinking along these lines. When we had concluded that we had better send a man out there to look the field over and be ready to act if the bill did really go through, we sent Mr. Strong out on the 1st of March, and probably it was not later than, maybe, January or February—

Mr. MARTIN. You sent Mr. Strong out about the 1st of March?

Mr. WELCH. Yes.

Mr. MARTIN. The special tariff session of Congress did not convene until March 15.

Mr. WELCH. Yes.

Mr. MARTIN. So that he was already on his way, so to speak?

Mr. WELCH. Yes.

Mr. MARTIN. Before the session of Congress convened at which the Philippine tariff bill was introduced?

Mr. WELCH. Yes.

Mr. MARTIN. Was not the reason of that, Mr. Welch, that you knew from the time of the last national election that we would have free trade with the Philippine Islands if it was possible to get it, so that you did not have to await even the convening of Congress, at which a bill would be introduced, before sending your agent there?

Mr. WELCH. I do not remember just what the circumstances were, but I know that we both concluded it was highly probable that that bill would pass—not that it was sure to pass, but that it was highly probable. And they did work in a lot of things that we never had any idea of. This 500-ton business was not originally contemplated at all, so that we really did not know about it. That was worked in at the last minute.

Mr. MARTIN. That did not interfere with your operations, did it—a little thing like that?

Mr. WELCH. Well, it evidently did not; but it got us sticking for awhile, I can tell you.

Mr. MARTIN. I do not want to go over any ground that has been gone over, but did you read off there the name of Welch & Co. as having stock in the Mindoro Co.?

Mr. WELCH. Yes; 500 shares.

Mr. MARTIN. Has Welch & Co. any stock in any of the California corporations?

Mr. WELCH. No, sir; that is a little bit too small for Welch & Co.

Mr. MARTIN. Well, every little bit helps. What conversation, if any, did you ever have with Mr. Hammond about the law in the Philippines?

Mr. WELCH. I looked over those land laws and I could not make head or tail out of them.

Mr. MARTIN. There has been a question here about the discretion discussed with Mr. Hammond.

Mr. WELCH. Don't get me in that discretion business. I never could understand that. I listened to him the other day and he went over it again, but I do not understand it yet. Only a lawyer can understand that.

Mr. MARTIN. The law fixed the minimum price for the friar lands that you bought; they could not be sold below a certain price. Did you talk with Mr. Hammond immediately after he came back from Washington on the 3d of September last?

Mr. WELCH. I do not remember the date. I saw him several times.

Mr. MARTIN. What did you talk with him about?

Mr. WELCH. About this whole business. I mentioned about what those Philippine laws meant. That was our original idea—finding out what they meant.

Mr. MARTIN. Don't you think you saw him about the 4th of September, the next day?

Mr. WELCH. Oh, I don't know.

Mr. MARTIN. Did you not see him within a few days after he returned from Washington?

Mr. WELCH. I should say probably.

Mr. MARTIN. Where were Mr. Prentiss and Mr. Poole then?

Mr. WELCH. I don't know.

Mr. MARTIN. Where did they start from, the United States?

Mr. WELCH. They started from Cuba.

Mr. MARTIN. Did they come around through this country?

Mr. WELCH. Yes; they came up to New York.

Mr. MARTIN. They came up to New York?

Mr. WELCH. Yes.

Mr. MARTIN. And then, after consultation with your associates and your attorneys, and after planning ways and means, and so on, they proceeded to Manila?

Mr. WELCH. They proceeded on to Manila.

Mr. MARTIN. Did you have any conversation with Mr. Prentiss and Mr. Poole when Mr. Hammond was present?

Mr. WELCH. Yes; one, I think.

Mr. MARTIN. When was that conversation?

Mr. WELCH. I don't know; I think it was before they left for the Philippines.

Mr. MARTIN. Well, if they were able to appear at the public land office in Manila on the 12th of October and Mr. Hammond had made his call at the Bureau of Insular Affairs on the 3d of September, anything that transpired between you and Mr. Hammond and Mr. Prentiss and Mr. Poole must have been almost immediately after his visit to the Bureau of Insular Affairs?

Mr. WELCH. I have not analyzed your figures or statements, but you say it that way. Let it go. I would have to check you off before I could say.

Mr. MARTIN. The way I figured was this: I notice it takes a letter about 35 days.

Mr. WELCH. Yes.

Mr. MARTIN. Or around there.

Mr. WELCH. I have got letters in 30 days.

Mr. MARTIN. So that there was only about 38 or 39 days that intervened between Mr. Hammond's visit to the Bureau of Insular Affairs and the appearance of Mr. Poole and Mr. Prentiss at the land office in Manila. In the light of that statement this conversation—this meeting or conversation—must have been very shortly after his visit here at Washington—Mr. Hammond's visit. Is not that true?

Mr. WELCH. I don't know. I would have to check off all your statements. What is the difference; if you have your facts, let them go.

Mr. MARTIN. What did Mr. Hammond say to them about the sale of the friar estate?

Mr. WELCH. We never discussed it. We were not going to pay \$6.35 when we thought we could get some for 50 cents an acre.

Mr. MARTIN. You are quite positive that the friar estates were not discussed at the meeting between yourself, Mr. Hammond, and Mr. Prentiss, and Mr. Poole in New York?

Mr. WELCH. That is my recollection. I do not think we mentioned it at all.

Mr. MARTIN. And yet when Mr. Poole and Mr. Prentiss got to Manila they told the authorities there that they were informed or had received information—

Mr. DOUGLAS (interrupting). I submit, Mr. Chairman, that this is a matter of argument.

Mr. MARTIN (continuing). From the Bureau of Insular Affairs that these friar estates could not be purchased in large tracts?

Mr. WELCH. I might have told them something about that. I do not remember. It would not be necessary—that conversation. I don't know. You have the letters on record. Why do you cross-examine me about those things? I do not remember.

Mr. MARTIN. There is nothing you have ever written that appears on file in this case, unless it has been filed to-day.

Mr. WELCH. I do not remember of these conversations with our lawyers. I know that the whole thing was so mixed up——

Mr. MARTIN. You only had one meeting, did you not, between yourself and Mr. Hammond, Mr. Poole, and Mr. Prentiss?

Mr. WELCH. We had one, I know.

Mr. MARTIN. You know you had one?

Mr. WELCH. Yes.

Mr. MARTIN. Mr. Hammond did not say anything to them at that meeting about the Philippine laws or their application to the friar estates?

Mr. WELCH. I could not tell you. I have not the slightest idea of what happened at that conference that we had with Mr. Poole and Mr. Prentiss. I could not repeat a blessed thing that took place.

Mr. MARTIN. I believe that is all.

The CHAIRMAN. Just one question, to clear up in my mind a question that Mr. Martin asked you. I will ask you this: Was the \$750,000 which you, Mr. Havemeyer, and Mr. Senff have paid into the Mindoro Development Co. exclusive of the amount you paid for the purchase of the San Jose estate?

Mr. WELCH. Quite exclusive.

The CHAIRMAN. It is in addition?

Mr. WELCH. It is in addition.

The CHAIRMAN. What was the price at which you could have purchased the Eduardo lands, if any price had been mentioned?

Mr. WELCH. There was no price mentioned, except they were renting it for an extraordinarily low figure. Things never got on so that we heard a price. We imagined we would get it very cheap.

Mr. GRAHAM. Did you not get it for in the neighborhood of 50 cents an acre?

Mr. WELCH. I have not testified——

Mr. GRAHAM. That that was your idea—that it could be purchased at that price?

Mr. WELCH. No; I have not the slightest idea what it could have been bought for; but they were renting it so very cheap that it seemed to indicate that they placed a very low value on it.

The CHAIRMAN. They made no proposition to you?

Mr. WELCH. Oh, no.

The CHAIRMAN. Or you to them?

Mr. WELCH. No. There was the existence of certain private lands there in a good location for a factory, we thought.

The CHAIRMAN. Is Mr. Senff here?

Mr. WELCH. No; he is physically unable to leave his room and has been so for a long time.

The CHAIRMAN. Where is he?

Mr. WELCH. In New York.

Mr. DOUGLAS. What is his age?

Mr. WELCH. He is 71 years of age.

The CHAIRMAN. The presence of Mr. Senff was requested here to-day, and his counsel has handed me a letter explaining the reason why it is impossible for him to attend.

Mr. GRAHAM. I move that his attendance be not considered necessary.

Mr. WELCH. If I may say a word, Mr. Senff has been ill for some time. He has never attended a meeting of the directors of the Mindoro Development Co., and he could not tell you a blessed thing that Mr. Havemeyer and myself can not tell you. So that his presence here would be of no use to you—not a particle; simply superfluous.

Mr. DOUGLAS. I second the motion.

Mr. GARRETT. I have no objection to the motion, but of course the committee always deals with matters of that kind in executive session.

The CHAIRMAN. I think perhaps that would be better.

Mr. GRAHAM. I withdraw my motion, then, for the present.

Mr. GARRETT. I have one question, Mr. Welch. You say the original plans of these colono companies were for the purchase of different lands from that which they finally purchased?

Mr. WELCH. Yes.

Mr. GARRETT. They changed their plans and you changed your plans?

Mr. WELCH. Yes.

Mr. HELM. Did Mr. McDonald pay for his own stock?

Mr. WELCH. In what?

Mr. HELM. In the California company.

Mr. WELCH. \$500.

Mr. HELM. Yes.

Mr. WELCH. Yes; he has got \$500.

Mr. HELM. I am not casting any reflections. I simply wanted to know the fact whether he is the bona fide owner.

Mr. WELCH. He is the bona fide owner.

The CHAIRMAN. Before calling Mr. de Gersdorff the committee will go into executive session for a brief time.

(Upon the conclusion of the executive session the committee resumed its public session.)

CARL AUGUST DE GERSDORFF, having been duly sworn by the chairman, testified as follows:

The CHAIRMAN. Mr. Garrett, will you examine this witness?

Mr. GARRETT. Mr. Chairman, I will ask a few questions. Will you state your name and occupation?

Mr. DE GERSDORFF. Carl A. de Gersdorff; lawyer.

Mr. GARRETT. And your residence?

Mr. DE GERSDORFF. Thirty-nine East Sixty-fourth Street, New York City.

Mr. GARRETT. How long have you been engaged in the practice of law?

Mr. DE GERSDORFF. Twenty-one years.

Mr. GARRETT. When did your professional connection with this matter now under consideration begin?

Mr. DE GERSDORFF. On the 17th of September, 1909.

Mr. GARRETT. By whom were you employed?

Mr. DE GERSDORFF. I think it was Mr. John Henry Hammond called on me at my office in New York and stated that he had been acting for Mr. Havemeyer, Mr. Welch, and Mr. Senff in this matter; that he had made up his mind that, for reasons which he then stated to me, and in substance the manner in which he stated them to the

committee yesterday, he felt it was wise for him to withdraw from the matter, and he asked me if I, or my firm, would take it up.

We had some little conversation about it, and I said that I would if it was agreeable to Mr. Johnson, from whom I understood that he had gotten the business. I think he said that he had already spoken to Mr. Johnson, and that Mr. Johnson said that it would be agreeable.

I then told him that I was about to go away from New York for three or four weeks. I had been in town all summer. I asked him if it would require my immediate attention and he said he thought it would not. I told him, then, that I would be glad to act.

Mr. GARRETT. What firm are you connected with?

Mr. DE GERSDORFF. Cravath, Henderson & de Gersdorff is the name of my firm.

Mr. GARRETT. Is there any sort of business connection between the firm of Strong & Cadwallader and the firm of which you are a member?

Mr. DE GERSDORFF. No, sir; none at all.

Mr. GARRETT. The call by Mr. Hammond, and the proffer to you of this business, then grew out of friendly relations and no business connection?

Mr. DE GERSDORFF. It was entirely unexpected to me. It was not due to any business relations. There were no business relations.

Mr. GARRETT. Did you communicate with Mr. Johnson, after the talk with Mr. Hammond?

Mr. DE GERSDORFF. No; I never communicated with Mr. Johnson about it.

Mr. GARRETT. You took Mr. Hammond's word for it?

Mr. DE GERSDORFF. Yes.

Mr. GARRETT. When did you then begin active service?

Mr. DE GERSDORFF. I think Mr. Hammond, and I think also Mr. Welch and Mr. Havemeyer saw my partner, Mr. Leffingwell, once or twice while I was away.

Mr. GARRETT. Were these gentlemen with Mr. Hammond when he called?

Mr. DE GERSDORFF. No; he came alone. I did not see either Mr. Welch or Mr. Havemeyer until I returned to New York, which was about the 1st of November or the end of October; and I had never seen either of them before, and did not know either of them.

Mr. GARRETT. You had never met either Mr. Welch or Mr. Havemeyer?

Mr. DE GERSDORFF. No; I had never met them before.

Mr. GARRETT. Had your firm ever done any business for them before?

Mr. DE GERSDORFF. No.

Mr. GARRETT. Well, Mr. de Gersdorff, will you state in your own way, after accepting this employment—one moment: Do you intend to claim any privilege as counsel?

Mr. DE GERSDORFF. That is not my present intention; no.

Mr. GARRETT. Well, if you will, say in your own way what you did, please?

Mr. DE GERSDORFF. You mean, from that time down to the present?

Mr. GARRETT. From the time that you accepted employment.

Mr. DE GERSDORFF. I did not do anything until I came back to New York, which was the end of October. I then found that Mr. Welch and Mr. Havemeyer had been considering various investments in the Philippine Islands, considering the question of whether they should buy this or that piece of land. And, at the time that I came back, they had had offered to them, as I understood it, by the Philippine Government this property which is known as the San Jose estate, and they were considering its purchase.

The question had then come up, in some manner, whether the Philippine Government had the right to sell them this piece of land, which comprised somewhere about 50,000 acres. And I found that that question was being considered by my partners in my absence.

Mr. GARRETT. Did Mr. Hammond suggest that question in the conversation he had with you?

Mr. DE GERSDORFF. No; he did not say anything to me about any particular piece of property, and he did not mention any question concerning the friar lands. The first I heard of that was when I returned.

I looked into the matter with my partners. We were provided with copies of the Philippine laws, and we made a careful investigation and examination to see that we had all the Philippine laws that were then in existence with reference to the subject. We were subsequently provided with a copy of the opinion of the Attorney General of the Philippines on the subject. We did not have it at that time. And I advised them that, in our opinion, the Government had the right to sell them that land.

They then continued their negotiations as they told me, through Mr. Poole, for the purchase of that property, and I made the suggestion at some time during the month of November that I thought it would be a prudent thing, as they were making a large investment, in which the Government was practically the seller and they were the purchaser, that we should have the legal opinion of the principal law officer on the question—the Attorney General. I think I made that suggestion myself. At any rate they were not very much pleased with that, because they wanted to go right ahead. They did not want to lose any time, and we did not know how long it would take to get an opinion from the Attorney General.

Mr. GARRETT. You mean the Attorney General of the United States?

Mr. DE GERSDORFF. The Attorney General of the United States; yes. And they decided that they would proceed to a certain extent without confirmation of our opinion, and we did proceed.

If I am right in my dates we organized or caused to be organized the Mindoro Development Co., which was to be the corporation to own the centrale or mill in which the sugar was to be ground.

I awaited a convenient time to come to Washington, and on the 23d of November I came to Washington on that and some other business. I went to the Bureau of Insular Affairs of the War Department and saw Maj. McIntyre, and, I think, also Gen. Edwards was there. I am not sure about that. At any rate, my conversation was with Maj. McIntyre.

I told him whom I represented. I think that very morning there had been a publication in some newspaper, and he had it on his desk when I went in to see him, to the effect that the Sugar Trust had

acquired a large piece of property in the Philippine Islands. He asked me if I represented the Sugar Trust, and I said I did not; that I represented Mr. Havemeyer and Mr. Welch and Mr. Senff.

I told him substantially what I have stated here. That we thought we would like to get the opinion of the Attorney General on this question that had come up, if the department had no objection to asking for it. He said he thought it was a perfectly reasonable request.

I had drawn up a brief typewritten memorandum, embodying the question of law as I understood it, which I gave to Maj. McIntyre. He said he would put it in the way of being submitted to the Attorney General.

I went back to New York and—I can not recollect everything that happened; we had numerous conferences, of course, at the time. But on the very same day, on the 23d of November, while I was in Washington I received a telegram from Mr. Welch saying that he had heard from Mr. Poole; that he had signed a contract for the purchase of the Mindoro estate. And I went back to New York and saw him about it and found that an agreement had been made, and either at that time—I can not remember whether it was just before that, or at that time, or just after that. It must have been just before that I had suggested to Mr. Welch that if they did make an agreement it should be made with the usual provision that his attorneys should have a reasonable opportunity and a reasonable length of time to assure themselves as to the title and as to the right of the Government to sell; and that was embodied in the contract, I think. At any rate, the provisions of the contract were that the first payment was not to be made until the 4th of January. And some time between that time and the 4th of January I was notified by Maj. McIntyre that the Attorney General had given an opinion in the matter, and he sent me a copy of it which I communicated to Mr. Welch. I told him I was not surprised to see that the Attorney General had agreed with every other lawyer except one, I think, who had considered the question. And they went ahead with the purchase.

Since that time I have been acting for them in whatever matters have come up in connection with it.

MR. GARRETT. When did the question of acquiring the foreshore rights, whatever that may be, arise?

MR. DE GERSDORFF. That was a good while later. I have not a very clear recollection about that. I noticed that Mr. Welch said on the stand that I knew about it; and I did, to this extent, that I got a letter from Messrs. Bruce & Lawrence, who were our legal correspondents at Mainla, stating that a lease had been given, or was about to be given, of the foreshore. The correspondence preceding that, which related to that matter had not been conducted through me; and that was, I think, the first intimation I had that they were taking a lease of the foreshore, upon which they intended to build a wharf.

I think I have never seen a copy of that lease; and I think the same letter from Messrs. Bruce & Lawrence stated it was for 25 years. I imagine either Mr. Worcester or Mr. Sleeper can give you all the particulars about that. I have never seen it.

Mr. GARRETT. Did you have any connection, directly or indirectly, with the organization of these California agricultural companies that have been referred to?

Mr. DE GERSDORFF. None whatever. I never knew that existed until a good while after they were organized.

Mr. GARRETT. Were they organized before or after you began to represent Messrs. Welch & Havemeyer?

Mr. DE GERSDORFF. I have been told that they were organized afterwards. I have never seen the organization papers of any of them, I think. No. I know I have not.

Mr. GARRETT. Did you yourself offer any suggestions to Mr. Welch or anyone else as to the advisability of doing that?

Mr. DE GERSDORFF. No; I never was consulted on the subject.

Mr. GARRETT. That was a matter concerning which you were never consulted at all, in any way?

Mr. DE GERSDORFF. That is right. Wait a moment. I must qualify that to this extent: That comparatively recently they have spoken to me or have stated to me that this railroad had been built, or was being built, from the borders of the San Jose estate to the port, and that it ran a part of the way over the lands of the colono companies. My impression is that that was the first information I had had that there were such things as these colono companies.

Mr. Welch then explained to me what they were, and told me substantially what he stated to-day in his testimony.

Mr. GARRETT. Were you never consulted as to the matter of acquiring the right of way for this railroad which was necessary?

Mr. DE GERSDORFF. At that time I think I was. He told me they were building.

Mr. GARRETT. You mean at the time to which you have just referred?

Mr. DE GERSDORFF. Yes; at the time to which I have just referred he told me that they were building it or were about to build it, and that they were building it over land that did not belong to them, but land that was owned or was under contract to be acquired from the Government by the Colono companies that were controlled by friends and relatives of his. We had a discussion then, as to whether it was reasonably safe to go ahead and build a railroad, or whether we should organize an independent railroad company which would have, under the Philippine law, the power of eminent domain. It was decided that, for the present at any rate, it was unnecessary to organize a separate company for that purpose. The Mindoro Development Co. has no power of eminent domain and is not a public corporation in any way.

Mr. GARRETT. Did he then explain to you the relations which Mr. Poole occupied toward those companies?

Mr. DE GERSDORFF. No, sir; he did not.

Mr. GARRETT. Did you understand from the beginning the relation that Mr. Poole occupied toward the Mindoro Development Co. and toward the San Jose estate after its purchase?

Mr. DE GERSDORFF. Yes; I think from the beginning, or from early in the business.

Mr. GARRETT. Do you know Mr. Poole?

Mr. DE GERSDORFF. No; I have never seen him.

Mr. GARRETT. Did you ever have any correspondence with him?

Mr. DE GERSDORFF. Never.

Mr. GARRETT. Has your correspondence in regard to this matter been with the firm of Bruce & Lawrence or have you had any with them?

Mr. DE GERSDORFF. I have had correspondence with them about it.

Mr. GARRETT. Upon what phases?

Mr. DE GERSDORFF. Oh, they have been acting as counsel for the Mindoro Development Co. in Manila, just as I have been acting in New York; various details about carrying out the purchase. They have submitted to me forms of the deeds, which have recently been given to the development company and to Mr. Poole.

Mr. GARRETT. By the Philippine Government?

Mr. DE GERSDORFF. By the Philippine Government.

Mr. GARRETT. The form of the deed which has been given to Mr. Poole?

Mr. DE GERSDORFF. Yes; there were two deeds passed—one for 200 hectares to the development company, and one of 4,000 hectares to Mr. Poole. After they had made the contract to purchase the property they determined that, although their original agreement had been to pay for the whole property in installments, running over three years, they subsequently determined they would like to take up about 4,000 hectares and pay for it all at once. That is the reason why these sale certificates were changed that have been in evidence, the first sale certificate being for the whole thing and afterwards split up into shares. I never saw the sale certificates until they were executed and sent over here. Matters at that time were very largely left to Messrs. Bruce and Lawrence, as far as I was concerned.

Mr. GARRETT. Did you have anything to do with the drafting of the papers that have been put in evidence during the testimony of Mr. Havemeyer?

Mr. DE GERSDORFF. What papers?

Mr. GARRETT. The agreement entered into, for instance, between Mr. Havemeyer, Mr. Welch, and Mr. Senff.

Mr. DE GERSDORFF. I did not. I did not draw that agreement. That was drawn—at least it was signed while I was away from New York. I do not think that it was drawn in my office.

Mr. GARRETT. I meant to ask: Did your firm have anything to do with it?

Mr. DE GERSDORFF. It is here, somewhere. I am quite sure it was not drawn in my office. It was signed in my office, or at least, it was acknowledged before a notary who was in my office at that time. I noticed that, from the paper itself.

Mr. GARRETT. I refer to the agreement of October, made in October between Mr. Havemeyer, Mr. Welch, and Mr. Senff, which seems to have been the initial agreement.

Mr. DE GERSDORFF. That was not drawn by me, and I think it was not drawn by any partner of mine.

Mr. GARRETT. But it was in your office?

Mr. DE GERSDORFF. Yes, sir.

Mr. GARRETT. Do you know who did draw it, as a matter of fact?

Mr. DE GERSDORFF. I can not say, from my own personal knowledge; no. I never asked who drew it.

Mr. MADISON. Did he inform you that he had drawn it?

Mr. DE GERSDORFF. No.

Mr. MADISON. Do you have any reason to believe that you know who drew it?

Mr. DE GERSDORFF. I believe I know; yes—if I can go as far as saying that.

Mr. MADISON. Certainly.

Mr. DE GERSDORFF. No; I am not certain.

Mr. MADISON. Have you what we would call hearsay information?

Mr. DE GERSDORFF. No; not even hearsay information.

Mr. MADISON. What is your impression as to who drew it?

Mr. DE GERSDORFF. My impression is Mr. Hammond drew it.

Mr. GARRETT. That was signed in October?

Mr. DE GERSDORFF. The 1st of October.

Mr. GARRETT. What date was it that Mr. Hammond first came to your office?

Mr. DE GERSDORFF. He came to my office the 17th of September. I think he told me at that time that there were some preliminary matters to be attended to that he saw no objection to his doing, and that he would then turn the matter and the papers over to me when I got back from my vacation.

Mr. GARRETT. Who drew the Poole deed of trust?

Mr. DE GERSDORFF. That declaration of trust was drawn in Manila. I presume Mr. Bruce drew it. I never knew it had been executed until he sent it over, which was—well, that is dated—it was sometime subsequent to the period of which we are now talking.

Mr. GARRETT. Did you or your firm suggest the form of that?

Mr. DE GERSDORFF. No.

Mr. GARRETT. Or did you suggest the necessity of it to your correspondents, Messrs. Bruce and Lawrence?

Mr. DE GERSDORFF. No. I think Mr. Bruce suggested the necessity of it to me. I do not think he even did that. I think he had it done without consulting me.

Mr. GARRETT. Who drew the charter of that Mindoro Development Co.?

Mr. DE GERSDORFF. I did.

Mr. GARRETT. When was that filed? Do you remember?

Mr. DE GERSDORFF. Well, in December. I think it was about the 8th of December. That must be here.

Mr. GARRETT. In that charter of the Mindoro Development Co. it was provided that that corporation should have the power to deal in the stocks of other companies. What was in contemplation when that provision was put into the charter of the Mindoro Development Co.?

Mr. DE GERSDORFF. Nothing, to my knowledge; I put that in. No one suggested it to me. I put it in, as I would into any New Jersey corporation I should organize, unless I was specifically instructed to the contrary.

Mr. GARRETT. That is the custom, then, in incorporating in New Jersey, is it, to put that sort of a provision in?

Mr. DE GERSDORFF. I think so; it is my custom.

Mr. GARRETT. And there was nothing in contemplation?

Mr. DE GERSDORFF. I do not think the subject was ever mentioned.

Mr. MADISON. It is one of the advantages of incorporating in New Jersey?

Mr. DE GERSDORFF. It is generally so regarded, I think. There are many States where you can have the same power; in New York, for instance.

Mr. GARRETT. They could have had the same power in New York? Why did they incorporate in New Jersey, then, instead of in New York?

Mr. DE GERSDORFF. I do not remember that that was ever discussed, whether we should incorporate in New Jersey or New York.

Mr. GARRETT. It was just a habit to go to New Jersey?

Mr. DE GERSDORFF. There are advantages in going into New Jersey, in matters of taxation, particularly where your proposed corporation is to have a large amount of property outside of the State. I do not speak of incorporation taxes, but New York City taxes, where you have to have an office in New York and property outside. If you are a New York corporation, you must pay taxes in New York City, and if you are a New Jersey corporation, you do not, in a general way.

Mr. GARRETT. Have you ever examined the charters of these colonial agricultural companies?

Mr. DE GERSDORFF. No, sir; I have never seen them.

Mr. GARRETT. You, of course, then, know nothing as to whether or not there is any similarity between them?

Mr. DE GERSDORFF. No.

Mr. GARRETT. Did you go with Mr. Havemeyer to consult with Mr. Johnson?

Mr. DE GERSDORFF. No.

Mr. GARRETT. The matter of the method by which these three gentlemen should acquire and hold this property, this San Jose estate, was determined on really before you became connected with the case; is that true?

Mr. DE GERSDORFF. Oh, no; I do not think so. We discussed it very often.

Mr. GARRETT. Has there been a subsequent written agreement to the one which has been put in evidence?

Mr. DE GERSDORFF. There has been no agreement.

Mr. GARRETT. Has there been any modification of the original agreement?

Mr. DE GERSDORFF. Oh, they have departed from that agreement in various respects.

Mr. GARRETT. In writing?

Mr. DE GERSDORFF. No; that agreement related to the purchase of private lands, meaning thereby land belonging to individuals.

Mr. GARRETT. Has there been any agreement drawn as to how they should hold the lands they acquired after they determined to purchase the San Jose estate?

Mr. DE GERSDORFF. No; no agreement.

Mr. GARRETT. Is that the only agreement, to your knowledge, that has been drawn?

Mr. DE GERSDORFF. That is the only agreement that I know anything about.

Mr. GARRETT. You say they have departed in various ways from that agreement?

Mr. DE GERSDORFF. Oh, in matters of detail; yes.

Mr. GARRETT. In what, for instance?

Mr. DE GERSDORFF. I should have to look at it to say; principally in the respect that they did not purchase so-called private lands or a friar estate.

The CHAIRMAN. Have you that agreement?

Mr. DE GERSDORFF. It is here, somewhere.

The CHAIRMAN. The copy which was left with me has been carried away by the stenographer who took that turn. Some of the committee would like to look at it.

(The witness thereupon produced the paper referred to.)

Mr. GARRETT. Do you understand that the Mindoro Development Co. has been capitalized at an amount above its actual cost?

Mr. DE GERSDORFF. I do not quite understand what you mean by that question.

Mr. GARRETT. The Mindoro Development Co. has been capitalized now at a million dollars?

Mr. DE GERSDORFF. It has an authorized capitalization of a million dollars.

Mr. GARRETT. Do you understand that that is beyond what its actual cost will be, its contemplated actual cost?

Mr. DE GERSDORFF. I do not know. I have no idea.

Mr. GARRETT. What did the original charter provide for? Do you remember offhand?

Mr. DE GERSDORFF. Ten thousand dollars, I think it was. I think so. It may have been \$100,000. I think it was \$10,000.

Mr. GARRETT. Well, now, were there any writings—

Mr. PARSONS. It was \$100,000.

Mr. DE GERSDORFF. I am wrong; yes; it was \$100,000.

Mr. GARRETT. Were there any writings drafted at the time the directors of the Mindoro Development Co. determined to increase the capital stock to a million dollars?

Mr. DE GERSDORFF. Yes; there was an amended certificate of incorporation filed.

Mr. GARRETT. In New Jersey at that time?

Mr. DE GERSDORFF. Yes.

Mr. GARRETT. Have you a copy of that?

Mr. DE GERSDORFF. Yes; I think so.

Mr. GARRETT. I do not think that has been put in the record.

(The paper referred to was produced by the witness.)

Mr. DE GERSDORFF. This is a copy of the original certificate of incorporation, containing the amendment written in in ink. The only amendment was the increase of capital.

Mr. DOUGLAS. We have the original in evidence.

Mr. GARRETT. Read the amendatory part.

Mr. DE GERSDORFF. The amended section reads as follows:

Fourth, the amount of the total authorized capital stock of the corporation is \$1,000,000, divided into 10,000 shares of the par value of \$100 each.

The CHAIRMAN. Let me understand. In amending the charter you filed a duplicate of the original certificate?

Mr. DE GERSDORFF. Practically.

The CHAIRMAN. With that clause amended as you have read?

Mr. DE GERSDORFF. Yes. It is very easy to obtain copies of those entire proceedings, if they are wanted.

Mr. GARRETT. When was that amendment?

Mr. DE GERSDORFF. January 5, 1910.

Mr. GARRETT. The same incorporators are named in the amended charter that were named in the original?

Mr. DE GERSDORFF. Yes.

Mr. GARRETT. Without change?

Mr. DE GERSDORFF. Yes.

Mr. GARRETT. That is correct, is it?

Mr. DE GERSDORFF. Yes. The reason that I hesitated is that I am not perfectly sure that this paper I have is a correct copy of the amended charter. I think it is. But I thought I should have one without any changes noted on it in ink. But I do not seem to have. We have here the minute book of that company. That would contain it [producing book]. There was a certificate of increase of capital stock, and an amended certificate of incorporation filed, of which I have here a copy. It is only a page long, and I might read it into the record.

Mr. GARRETT. I think it might perhaps be very well to let it go into the record.

Mr. DE GERSDORFF (reading):

The Mindoro Development Company. Certificate of increase in capital stock and amendment of certificate of incorporation. The Mindoro Development Company, a corporation of the State of New Jersey, by its president and secretary, hereby certifies that it has increased its capital stock from \$100,000 to \$1,000,000 and that article 4 of its certificate of incorporation has been amended to read as follows:

"Fourth. The amount of the total shares of capital stock of the corporation is \$1,000,000, divided into ten thousand shares of the par value of \$100 each, said increase and said amendment of the certificate of increase having been declared advisable by resolution of the board of directors of the corporation and having been duly assented to by the vote of the stockholders of the entire outstanding capital stock of the corporation at a meeting duly called by the board of directors for that purpose. The written assent of said stockholders is hereto annexed and made a part hereof, marked 'Schedule A.' The location of the principal office of the corporation is in the State of New Jersey and is at No. 242 Washington Street, Jersey City, county of Hudson. The name of the person in charge thereof, upon whom process against the corporation may be served, is George S. Hobart. In witness whereof the Mindoro Development Company has caused its certificate to be signed by its president and secretary, and its corporate seal to be hereto affixed, this fifth day of January, 1910. Robert J. Bain, president. T. T. McDonald, secretary. Corporate seal."

That is followed by a corporation acknowledgment, signed by George S. Hobart, master in chancery, of New Jersey. Attached thereto is Schedule A, showing the stockholders and increase of capital stock. Shall I read that?

Mr. GARRETT. How long is that?

Mr. DE GERSDORFF. A page. [Reading:]

We, the undersigned, being the holders of the entire outstanding capital stock of the Mindoro Development Company, having, at a meeting regularly called for that purpose, voted in favor of the increase of the capital stock of the corporation from \$100,000 to \$1,000,000, divided into ten thousand shares of the par value of \$100 each, and having voted that Article 4 of the certificate of incorporation of said corporation be changed and amended to read as follows:

"Fourth, the amount of total shares of the capital stock of the corporation is \$1,000,000, divided into ten thousand shares of the par value of \$100 each."

Do now, pursuant to the statutes of the State of New Jersey in that respect made and provided, give our written assent to such increase of the capital stock and to such change and amendment of the said certificate of incorporation.

In witness whereof we have hereunto set our hands to the number of shares held by us respectively this fifth day of January, 1910.

Then it is signed by Robert J. Bain, 25 shares; Charles E. Scribner, 50 shares; Samuel S. Moore, 25 shares; Charles J. Welch, by Robert H. Neilson, attorney in fact, 1 share; Horace Havemeyer, by Robert H. Neilson, attorney in fact, 1 share; H. O. Havemeyer, by Robert H. Neilson, attorney in fact, 1 share; T. T. McDonald, 1 share.

Indorsed, filed, and recorded January 7, 1910. S. D. Dickinson, secretary of state.

Then follows the certificate of the secretary of state that the foregoing is a true copy of the certificate increasing the capital stock of the Mindoro Development Co. from \$100,000 to \$1,000,000.

Mr. GARRETT. Were you present at that meeting?

Mr. DE GERSDORFF. I was not.

Mr. GARRETT. Do you know who drafted those minutes?

Mr. DE GERSDORFF. I either drafted them or approved of them after they were drafted.

Robert H. Neilson, who signed as attorney in fact for Mr. Welch and Mr. Havemeyer, was in my office as law clerk.

Mr. GARRETT. He is connected with your firm; a law clerk in the office?

Mr. DE GERSDORFF. Yes.

Mr. GARRETT. There has been no further amendment?

Mr. DE GERSDORFF. No; not to my knowledge; no; I know there has not.

Mr. GARRETT. You are still the attorney for the Mindoro Development Co. and for these gentlemen?

Mr. DE GERSDORFF. Yes.

Mr. GARRETT. I believe that is all, Mr. Chairman.

The CHAIRMAN. Do any other members of the committee desire to ask questions of this witness?

Mr. MADISON. I have one question. Mr. de Gesdorff, this agreement made on the 1st day of October, by and between Messrs. Havemeyer, Welch & Senff, provides, among other things, for the formation of a construction company, that should first construct the mill out there in the Philippines?

Mr. DE GERSDORFF. Yes.

Mr. MADISON. Was such a construction company organized?

Mr. DE GERSDORFF. The only company that has been organized is the Mindoro Development Co., if you can call that a construction company. That is constructing the mill there, as a matter of fact.

Mr. GARRETT. In drawing the charter of the Mindoro Development Co. you really followed the language contained in the original agreement, did you not?

Mr. DE GERSDORFF. In part, yes.

Mr. GARRETT. The original agreement had in it that matter of dealing in the stocks of other companies, did it not?

Mr. DE GERSDORFF. I do not remember whether it did or not; but there it is.

Mr. GARRETT. Who suggested the name, "Mindoro Development Co." ? Do you remember?

Mr. DE GERSDORFF. I think Mr. Welch suggested it to me.

Mr. GARRETT. Do you remember whether the reasons for adopting that name were discussed?

Mr. DE GERSDORFF. No; I have not any recollection on that subject. If they were discussed, it was only casually. I suppose the name Mindoro was adopted because that is where the company was.

Mr. MADISON. Mr. de Gersdorff, you are perfectly aware of the character of these companies that are called construction companies, that build mills, railroads, factories, for the purpose of later turning them over to an operating company?

Mr. DE GERSDORFF. I have heard of such companies, yes.

Mr. MADISON. You have assisted in organizing a number of them, have you not?

Mr. DE GERSDORFF. Yes.

Mr. MADISON. You are perfectly aware of the fact now that this contract provides for a preliminary company—a construction company?

Mr. DE GERSDORFF. I am aware of that fact.

Mr. MADISON. Yes. Now, was that construction company, as provided by the terms of this contract, actually formed?

Mr. DE GERSDORFF. No. No company has been formed except the Mindoro Development Co.

Mr. MADISON. And the Mindoro Development Co., as a matter of fact, has all the powers of the final company—the operating company?

Mr. DE GERSDORFF. I think it has. I intended that it should have when I drew that charter.

Mr. MADISON. Certainly. And you, in fact, cut out the construction company, did you not?

Mr. DE GERSDORFF. Practically. That is another respect in which they have departed from that agreement.

Mr. MADISON. That is the point I was trying to reach.

Mr. DE GERSDORFF. They may organize another company hereafter. I do not know what they are going to do. The present company has the power to permanently operate the mill. There is no doubt about that.

Mr. MADISON. And it has, in effect, the powers which it is provided in this contract the second company, the operating or sugar company, as it called, shall have?

Mr. DE GERSDORFF. That is so; yes.

Mr. MADISON. It is further provided in this contract that these gentlemen shall enter into contracts with the construction company whereby they shall, in effect, bind themselves to become producers of sugar cane for the construction company for a period of 25 years—5 years, with an option of four renewals of 5 years each.

Now, they, in effect, agree that they will turn over to this construction company all the sugar cane that is produced on the lands purchased by them for the purpose of being ground into juice and made into sugar—selling the product of their lands for a period of really 25 years.

Now, I want to ask you if any such contracts were made?

Mr. DE GERSDORFF. They were not.

Mr. MADISON. Do you know whether or not any such contracts have been made by either of these men with the Mindoro Development Co.?

Mr. DE GERSDORFF. Well, they have not been made with my knowledge. I do not know what they may have done without it.

Mr. MADISON. That is all you can say?

Mr. DE GERSDORFF. I do not believe they have. I think they would have consulted me about it.

Mr. MADISON. So that, in that respect, the contract has not as yet been carried out?

Mr. DE GERSDORFF. That is right.

Mr. MADISON. They are now building the mill, and, I understand from the testimony of one of the gentlemen, raising cane.

Mr. DE GERSDORFF. A small amount of it.

Mr. MADISON. Mr. Chairman, may I be indulged to the extent of asking Mr. Welch just one question, from his seat?

The CHAIRMAN. Certainly.

Mr. MADISON. Mr. Welch, you heard the question that I put to Mr. de Gersdorff with regard to making a contract with the construction company or with the sugar company that was to operate the mill, whereby you and Mr. Havemeyer and Mr. Senff were to agree to furnish the entire cane output of those lands to the mill company for 25 years. I want to ask you whether you have entered into any such contracts?

Mr. WELCH. We have not.

Mr. MADISON. Has there been any agreement of any kind whereby you have waived or set aside that portion of this contract?

Mr. WELCH. No, sir.

Mr. MADISON. You expect to carry it out?

Mr. WELCH. Unless by agreement we alter the provisions of the contract.

Mr. MADISON. But it has not been altered in that respect?

Mr. WELCH. No, sir.

Mr. MADISON. The contract has not been modified in that respect?

Mr. WELCH. No.

Mr. MADISON. That is all.

Mr. PARSONS. Mr. Hammond said that you recommended him to Messrs. Bruce & Lawrence, at Manila.

Mr. DE GERSDORFF. I may have. I do not remember it. I should have, if he had asked me for any recommendation.

Mr. PARSONS. Do you know either of those gentlemen?

Mr. DE GERSDORFF. I know Mr. Bruce very well. He was in my office for four or five years. His partner, Mr. Lawrence, I know slightly. He has been over here within the last three months.

Mr. PARSONS. Do you represent any other corporations in the Philippines?

Mr. DE GERSDORFF. Yes.

Mr. PARSONS. What?

Mr. DE GERSDORFF. The Philippine Railway Co. and the Manila Electric Railroad & Light Co.; also the Manila Suburban Railway.

Mr. PARSONS. So far as you know, have any of the gentlemen interested in any of the corporations you have just mentioned any interest in the Mindoro Development Co., or the San Jose estate, or any of these California companies?

Mr. DE GERSDORFF. They have not.

Mr. PARSONS. They are entirely distinct?

Mr. DE GERSDORFF. They are entirely distinct.

Mr. PARSONS. What did Mr. Leffingwell do in the matter after Mr. Hammond turned over the papers to your office and before you returned to the city of New York? Do you know at all?

Mr. DE GERSDORFF. Well, I think he did nothing, except to consider the questions of Philippine law that had been raised about the land laws. He may have written to Washington and gotten some copies of the laws. I do not think he did that. I think there was very little done—that is my impression—while I was away, except that it was during that period that, as I understand it, the San Jose estate, the friar lands, were offered to our clients by the Government; and they then took under consideration our advice as to whether or not they could purchase it.

Mr. PARSONS. Early in the hearing some stress was laid upon the many objects for which the Mindoro Development Co. was formed. I wish you would look at the different paragraphs, subdivisions of paragraph 3 here, and explain why you inserted those different objects of the corporation.

Mr. DE GERSDORFF. Well, I had discussed the formation of this company with Mr. Welch, and he told me, in a general way, that he was going to operate a large manufacturing plant in the island of Mindoro, which was something like 200 miles from Manila and in a wilderness; that it would have a large number of employees; that the people employed in the surrounding country upon the sugar estate, which was expected to be developed there, would probably reside at or near the mill; and, in fact, that this company would have to practically operate a small town; would have to take care of its employees, amuse them, keep them contented, feed them, educate their children, perhaps. And I put in everything I could think of that such a corporation would be required to do.

The CHAIRMAN. You do not mean that the charter requires them to do all of those things?

Mr. DE GERSDORFF. No; but that the corporation might have the power to do all of those things if it became necessary, besides to operate the sugar mill, which was the principal object.

Mr. PARSONS. And also, I think, to operate in regard to owning docks and wharfs?

Mr. DE GERSDORFF. Yes; that was put in with the idea that they would, of course, have——

Mr. DOUGLAS. You provided for the mill, railroads, churches, schools, and everything——

Mr. DE GERSDORFF (continuing). A port to which to ship their products.

Mr. GARRETT. Does that charter differ in any material respect from charters granted to the Cuban companies?

Mr. DE GERSDORFF. I do not know. I have never been consulted in those Cuban matters and know nothing about them.

Mr. GARRETT. Did you ever examine any of those charters?

Mr. DE GERSDORFF. No; never.

The CHAIRMAN. I wish to ask one question of Mr. Welch: You testified that Welch & Co. were in the commission business, dealing in sugar; was it raw or refined sugar?

Mr. WELCH. Raw.

Mr. MARTIN. You have stated, Mr. de Gersdorff, that this Philippine matter was first called to your attention by Mr. Hammond on September 17?

Mr. DE GERSDORFF. Yes.

Mr. MARTIN. And without having done anything in the matter you went on vacation?

Mr. DE GERSDORFF. That is right.

Mr. MARTIN. And you think you did not return until the last of October?

Mr. DE GERSDORFF. About the last of October.

Mr. MARTIN. Or the first of November?

Mr. DE GERSDORFF. Yes.

Mr. MARTIN. You do not know, of your own knowledge, that Mr. Lessingwell performed any service during your absence?

Mr. DE GERSDORFF. Yes; I do.

Mr. MARTIN. What service did he perform?

Mr. DE GERSDORFF. He told me that he had been considering this question of law; that he had seen Mr. Havemeyer and Mr. Welch, and when I came back they were considering the particular question of the purchase of the San Jose estate.

Mr. MARTIN. Exactly. You stated that Mr. Lessingwell might have written the Insular Bureau of the War Department about the matter.

Mr. DE GERSDORFF. For information about the law.

Mr. MARTIN. But no letter from him appears in the list of documents furnished.

Mr. DE GERSDORFF. Then he did not. I do not know whether he did or not.

Mr. MARTIN. Now, you went to the Insular Bureau on the 23d of November?

Mr. DE GERSDORFF. Yes.

Mr. MARTIN. At which time you presented a memorandum?

Mr. DE GERSDORFF. Yes.

Mr. MARTIN. With reference to the Philippine land laws?

Mr. DE GERSDORFF. That is right.

Mr. MARTIN. And were met there with the information contained in this newspaper report shown you by Gen. Edwards?

Mr. DE GERSDORFF. By Maj. McIntyre.

Mr. MARTIN. By Maj. McIntyre; about the sale, or reported sale, of lands in the Philippine Islands to the Sugar Trust?

Mr. DE GERSDORFF. I do not remember whether he showed me that, or whether it was in a Washington paper and I saw it at the hotel in the morning. At any rate, I saw it that morning.

Mr. MARTIN. What services had you performed in this transaction up to the time you came over here on November 23 with a memorandum to the Bureau of Insular Affairs?

Mr. DE GERSDORFF. Those that I have stated—various conferences with our clients considering these questions of the Philippine laws.

Mr. MARTIN. All that you had done was to hold conferences with your clients about the Philippine laws, up to the time you came over here?

Mr. DE GERSDORFF. I can not think of anything else now. If you can refresh my recollection, I should be glad.

Mr. MARTIN. As a matter of fact, Mr. de Gersdorff, up to that time is not that practically all the services that you performed?

Mr. DE GERSDORFF. That is my recollection.

Mr. MARTIN. To make the question more specific: Is it not a fact that your appearance here at the Insular Bureau and your presenta-

tion of that memorandum was practically the first service that you performed in connection with this transaction?

Mr. DE GERSDORFF. No; it is not the first.

Mr. MARTIN. Well, what had you done up to that time?

Mr. DE GERSDORFF. I have stated it.

Mr. MARTIN. The conferences with your clients?

Mr. DE GERSDORFF. Oh, yes; numerous conferences.

Mr. MARTIN. You had not been in correspondence with Mr. Prentiss and Mr. Poole yourself, had you?

Mr. DE GERSDORFF. Never.

Mr. MARTIN. Have you ever exchanged cables with them?

Mr. DE GERSDORFF. No.

Mr. MARTIN. Do you know what, if any, cables were exchanged with Mr. Prentiss and Mr. Poole by these gentlemen, between the time of your return to New York, November 1, and your visit to the War Department on November 23?

Mr. DE GERSDORFF. There were cables. I could not give you the number nor the contents. I dare say I saw some of them.

Mr. MARTIN. Do you know that during that intervening period there of about three weeks, there had been cables exchanged?

Mr. DE GERSDORFF. I knew that they were in communication. I have no doubt it was by cable, in part.

Mr. MARTIN. You say that you first raised the question, you think, perhaps, of passing this matter up to the Attorney General of the United States for an opinion?

Mr. DE GERSDORFF. Yes; I don't think anything about it, I know I did it.

Mr. MARTIN. When did you do that?

Mr. DE GERSDORFF. Well, it was some time between the time I got back to New York and the time I came to Washington. It was some little time before I came to Washington, because I was busy and could not get over here for a couple of weeks. I did not want to come especially for that. I had some other business over here, and I wanted to make it fit in.

Mr. MARTIN. Did you see any cable to Mr. Prentiss and Mr. Poole wherein they were informed of that fact—the proposition to pass the matter up to the Attorney General?

Mr. DE GERSDORFF. I think I have seen, at some time, then or subsequently, either a cable or a letter in which they were advised that that had been done. I think it was subsequently that I saw it, as a matter of fact.

Mr. MARTIN. Subsequent to when?

Mr. DE GERSDORFF. To the time I came to Washington, on the 23d of November.

Mr. MARTIN. Yes; but a letter would not have reached them prior to the time the original certificate of sale was executed, which was on the 23d of November?

Mr. DE GERSDORFF. No; I don't know whether they knew it then or not.

Mr. MARTIN. So that they could only have been apprised by cable——

Mr. DE GERSDORFF (interrupting). I am not prepared to say that they were. I do not remember. I do not know,

Mr. MARTIN (continuing). That this action was contemplated. What I had in mind, in connection with that, was that they appear to have stated, over there, that this matter of title would have to be passed on before the transaction was consummated?

Mr. DE GERSDORFF. That is true. We were to pass on the title. That was true. My firm had to pass on the title.

Mr. MARTIN. Then they did not know, so far as you are informed, anything about the matter going up to the Attorney General for an opinion?

Mr. DE GERSDORFF. I do not remember whether they did or not. My impression is that, prior to the 23d of November they did not; but I can not be positive about that. I don't know what cables Mr. Welch may have sent to them.

Mr. MARTIN. When did the Insular Bureau first become aware of the fact that you were of counsel in the matter?

Mr. DE GERSDORFF. Well, they first became aware of it from me, on the 23d of November; but I think Mr. Hammond also had already written to McIntyre at the end of October, some time in October, in reply to the letter which Maj. McIntyre had addressed to him, to the effect that the matter had been turned over to us.

Mr. MARTIN. The agreement which is in evidence, of date October 1, was executed subsequent to the time you were first consulted about this matter, but was not executed by you?

Mr. DE GERSDORFF. Excuse me a moment. I am wrong, and would like to amend the answer to my last question.

Mr. MARTIN. Yes.

Mr. DE GERSDORFF. I think that the Insular Bureau had been notified either by Mr. Hammond, or, I should have said by Leffingwell, in a letter from my office, at the end of October, that the matter had been turned over to us.

Mr. MARTIN. I will say, there, that I think the date of the letter is October 22.

Mr. DE GERSDORFF. That is it, then.

Mr. MARTIN. From Mr. Hammond. Now, then, returning to the agreement which appears to have been executed on October 1; that was subsequent to the time you were first consulted about this matter?

Mr. DE GERSDORFF. Yes.

Mr. MARTIN. But you did not prepare that?

Mr. MARTIN. You did not prepare the original draft of the articles of incorporation of the Mindoro Development Co.?

Mr. DE GERSDORFF. Yes; I did.

Mr. GRAHAM. He said he did.

Mr. MARTIN. I understood that there had been some draft, a rough draft, prepared prior to the time you came into the transaction?

Mr. DE GERSDORFF. If there was, I never saw it.

Mr. MARTIN. I do not say that you did not draw the articles as finally filed. I did not mean that. I got the impression from the testimony that Mr. Hammond had carried the matter along to the extent of drafting out the proposed charter of a corporation.

Mr. DE GERSDORFF. If he did, I never saw it.

The CHAIRMAN. I think you have in mind the partnership agreement, which was drawn previously, and signed in Mr. de Gersdorff's office.

Mr. DE GERSDORFF. There were certain provisions in the original agreement as to what should be contained in the charter of a company to be formed, and those provisions, I think, in substance, were incorporated in the certificate of incorporation as finally drawn by me.

Mr. MARTIN. Following on the matter of this agreement having been prepared by some one else than yourself, I thought I understood you to say that probably Mr. Hammond drew that. Did you make that statement?

Mr. DE GERSDORFF. I said I believed he probably did; yes. I don't know that I should have said even that, because I do not know.

The CHAIRMAN. You are referring now to the partnership agreement?

Mr. DE GERSDORFF. Yes.

Mr. PARSONS. Dated October 1.

Mr. GARRETT. Are your offices adjoining?

Mr. DE GERSDORFF. No. My office is 52 William Street, and Mr. Hammond's is No. 40 Wall Street.

Mr. GARRETT. How did it happen that that agreement was executed in your office, though drawn in another office? Do you know?

Mr. DE GERSDORFF. I suppose it happened because Mr. Hammond had turned over the business to us, and he sent the paper over to my office, where at that time Mr. Welch and Mr. Havemeyer were several times conferring with my partner in my absence.

Mr. MARTIN. Following on that proposition—I do not like to repeat again, but it is necessary—this agreement executed October 1, after you were consulted, but not by you, presumably by Mr. Hammond, it appears that as late as October 21 the Insular Bureau wrote Mr. Hammond about this matter, and never knew until they got a reply from him that you were in any way connected with the matter.

Mr. DE GERSDORFF. Is that a question?

Mr. MARTIN. Well, really it is a statement that implies a question as to your connection with the matter up to that time.

Mr. DE GERSDORFF. I do not see how you expect me to answer that question.

Mr. MARTIN. You never got, yourself, from the Insular Bureau, or your firm never got anything in the way of law or letters or other information, did they?

Mr. DE GERSDORFF. I do not remember. I do not think so, but we may have received one or two printed copies of the acts of the Philippine Commission amending the laws by taking off the limitation upon the sale of friar lands. Whether we got those direct from the Bureau of Insular Affairs here or whether Maj. McIntyre sent them to Mr. Hammond, not knowing that he was no longer connected with the matter, and Mr. Hammond sent them to us, I do not recollect. They were gotten one way or the other.

Mr. MARTIN. Is it your understanding that Mr. Hammond never had any conversation at all in the Bureau of Insular Affairs about the San Jose estate?

Mr. DE GERSDORFF. I don't know.

Mr. MARTIN. You do not understand that?

Mr. DE GERSDORFF. I was never present at any interview that he had at the Bureau of Insular Affairs.

Mr. MARTIN. And Mr. Hammond never told you that the San Jose estate was the subject of conversation when he called here at the Bureau of Insular Affairs?

Mr. DE GERSDORFF. Never.

Mr. MARTIN. He never said to you that he called there with reference to the purchase of that particular estate?

Mr. DE GERSDORFF. He never did. I never saw Mr. Hammond in this matter but once and that was on the 17th of September. He only spoke of it to me then in a very general way and asked me if I could take it up. He did not tell me, except in the most general terms, who his clients were, and that they were proposing to engage in some enterprise in the Philippine Islands in connection with the raising of sugar.

Mr. MARTIN. Mr. Prentiss and Mr. Poole were sent out there with about a 25,000-acre proposition, at the maximum, in mind and finally decided on a 55,000-acre proposition. Have you ever seen cables exchanged between these gentlemen, Mr. Havemeyer and his associates and Mr. Poole and Mr. Prentiss with reference to purchasing the larger quantity of land?

Mr. DE GERSDORFF. Yes; I think so. I think I have seen a cable directing Mr. Poole to purchase the San Jose estate.

Mr. MARTIN. You say that Mr. Bruce was in your offices before going to Manila?

Mr. DE GERSDORFF. Yes; he has been in Manila three or four years. Prior to that time he was in our office, I should say, for four years.

Mr. MARTIN. There is a connection between your firm and Mr. Bruce now, is there not?

Mr. DE GERSDORFF. There is not.

Mr. MARTIN. You mentioned the Philippine Railway and the Manila electric lines which your firm now represents?

Mr. DE GERSDORFF. We represent them in New York.

Mr. MARTIN. I understand Mr. Bruce represents them in Manila?

Mr. DE GERSDORFF. I think he does. I hope so. He is the best lawyer there. That is my information.

Mr. MARTIN. Could he represent the same interest in Manila that your firm represents in New York and you be in ignorance of the matter?

Mr. DE GERSDORFF. Oh, he might, yes.

Mr. MARTIN. You did not have any correspondence with him, then, about the Manila end of the business?

Mr. DE GERSDORFF. About the Manila Electric Railroad?

Mr. MARTIN. Yes.

Mr. DE GERSDORFF. I do not think I have since he has been out there. I do not want to speak positively about that. I may have. I have no doubt he is their counsel in Manila. I know he is. At least, I have been told so.

Mr. MARTIN. And have you had any correspondence with him about the Philippine Railway business?

Mr. DE GERSDORFF. I do not remember that. The legal end of that enterprise was practically finished before he went out there. He is their counsel—local counsel. I do not think I have ever corresponded with the Philippine Railway.

Mr. MARTIN. You stated that the Mindoro Development Co. has no right of eminent domain?

Mr. DE GERSDORFF. I did state that.

Mr. MARTIN. It has a right to build and operate a railroad, has it not?

Mr. DE GERSDORFF. I shall have to look at the charter to see.

Mr. MARTIN. You are not building one without the right, are you?

Mr. DE GERSDORFF. I have no doubt they have. That does not give them the right of eminent domain.

Mr. MARTIN. I know; but the law would.

Mr. DE GERSDORFF. Oh, no. Excuse me.

Mr. MARTIN. Would not the laws out there, the Philippine Island laws, permit them to acquire a right of way?

Mr. DE GERSDORFF. Under that certificate of incorporation?

Mr. MARTIN. Yes.

Mr. DE GERSDORFF. I think not.

Mr. MARTIN. So that, while the certificate of incorporation authorizes them to build a railway——

Mr. DE GERSDORFF (interrupting). For their private purposes. They are not authorized to act as a common carrier. They are not a public-service corporation and could not become one under that charter.

Mr. MARTIN. Well, they are authorized to build a railroad and they have no power under which they could have acquired a right of way?

Mr. DE GERSDORFF. Certainly not. No private corporation has.

Mr. MARTIN. My recollection is that there are provisions in the Philippine land laws for the acquirement of rights of way; and I do not know that it was confined to what we call common carriers in this country.

If Mr. Hammond prepared and caused to be executed this agreement on October 1——

Mr. DE GERSDORFF (interrupting). I do not think he did cause it to be executed.

Mr. MARTIN. Well, if he prepared it at that time—what do you mean by not causing it to be executed? I do not understand.

Mr. DE GERSDORFF. It was executed in our office. We caused it to be executed, if anybody did.

The CHAIRMAN. Is there any evidence as to the time when it was actually prepared, or drawn up?

Mr. DE GERSDORFF. Prior to October 1. I don't know when.

Mr. MARTIN. You do not know how long prior to that time?

Mr. DE GERSDORFF. No.

Mr. MARTIN. But at whatever time prior to that it was drawn up, Mr. Hammond could not have then withdrawn completely from the transaction, could he?

Mr. DE GERSDORFF. If he drew that agreement?

Mr. MARTIN. Yes.

Mr. DE GERSDORFF. Oh, no; of course not. If he drew that agreement, at the time he drew it he was acting in connection with the matter.

Mr. MARTIN. Are all relations severed between your firm and Mr. Hammond with reference to this matter?

Mr. DE GERSDORFF. We never had any relations with him. He turned the business over to me.

Mr. MARTIN. He turned the business over to you clean, without any strings on it, then?

Mr. DE GERSDORFF. Right.

Mr. MARTIN. I want to ask you this question, Mr. de Gersdorff: What have you encountered in your services for the purchasers of the San Jose estate that raised any question of discretion upon the part of Government officials? What service have you rendered that involved——

Mr. DE GERSDORFF (interrupting). I suppose it was within the discretion of the Government not to sell our clients this property at all. I do not think they are obliged to sell to us. I do not know. If I am wrong about that Mr. Worcester will correct me. The whole transaction was discretionary, as I understand it.

Mr. GARRETT. You mean in what?

Mr. DE GERSDORFF. They were not obliged to sell the San Jose estate to any particular people. They were not obliged to sell the San Jose estate to Messrs. Havemeyer and Welch. Of course the law provided that if they did sell it, a minimum price was fixed at which it must be sold.

Mr. GARRETT. You do not mean that all transactions in all kinds of lands—public lands—are discretionary?

The CHAIRMAN. I would like to know to what extent discretion does lie?

Mr. WORCESTER. The public-land act conferred definitely upon citizens of the Philippine Islands and upon American citizens certain rights in the matter of purchasing and leasing public lands. I hold that it is mandatory upon me when a man comes up to and satisfies the conditions, and wishes to buy or to lease a given tract of unoccupied, unclaimed, nonmineral public land, to let him have it. The only thing that is optional with me is the price at which I shall sell or lease it. When you come to the disposition of friar lands, the matter is entirely different. The law is mandatory so far as selling to occupants their holdings is concerned. But so far as unoccupied land is concerned, friar lands, there is no obligation on us to sell it at all. We can keep it or do what we like with it. Therefore, no man can say with reference to a given piece of unoccupied friar land: "You must sell that to me." I can say: "I will see. I will take it under consideration."

The question whether we should sell the San Jose tract at all, or in its entirety, or split it up, was purely discretionary, and a matter of policy with us.

Mr. DE GERSDORFF. I should like to add to my answer——

Mr. MARTIN. I want to make an observation. That I do not believe he can find anything in any Philippine land laws that would warrant him in assuming that he has any more discretion with reference to the sale of friar lands, so called, than the public lands.

Mr. WORCESTER. I just stated my reason for believing that I have. It may seem good to you or not.

The CHAIRMAN. Do you hold that he is bound to sell to anybody that applies for them?

Mr. MARTIN. I hold that he is bound to sell in the same way and in the same sense that he is bound to sell the public lands.

Mr. WORCESTER. I may say to you that I have had an opinion of a corporation lawyer with 35 years' experience, who holds a pretty

high rank in the United States service to-day, that a man that satisfied the conditions could mandamus me and compel me to sell or lease the land.

The CHAIRMAN. What kind of lands?

Mr. MARTIN. Public lands, but not friar lands; that it is optional with him whether he will sell friar lands.

Mr. WORCESTER. In the case of public lands the law permits persons to purchase and lease. They can enforce that. But, so far as the sale of unoccupied friar lands is concerned, it is purely discretionary with the director of lands and myself as to what we shall do.

Mr. MARTIN. I do not know where you get that discretion. I am sure you should not possess it.

Mr. DE GERSDORFF. I wanted to add that I do not think that Mr. Hammond had that in mind at all when he used the word "discretionary" action on the part of the Government officials.

Mr. MARTIN. What have you encountered in your service thus far that would have rendered it improper for Mr. Hammond to have remained in the matter as attorney for the purchasers?

Mr. DE GERSDORFF. I am not going to answer that question. I am no judge of what is an improper thing to do. At least, I shall not answer it unless the chairman directs me to.

The CHAIRMAN. I do not think that is a question that this witness should answer. He can not judge of the propriety of somebody else's actions.

Mr. MARTIN. Do you consider that there was any discretion involved in the opinion of the Attorney General?

Mr. DE GERSDORFF. Any discretion in the opinion?

Mr. MARTIN. Any discretion involved in the rendering of an opinion by the Attorney General which would have made it improper—

Mr. DE GERSDORFF (interposing). You mean, in asking for the opinion?

Mr. MARTIN. Yes.

Mr. DE GERSDORFF. I don't know. I suppose it was within the right of the Bureau of Insular Affairs to refuse to ask for the Attorney General's opinion, if they had wanted to.

Mr. MARTIN. You would not consider that there was any discretion involved in interpreting the law, would you?

Mr. DE GERSDORFF. No.

Mr. MARTIN. Or in executing the law?

Mr. DE GERSDORFF. Well, I have never been either a judge or an executive officer.

Mr. MARTIN. This transaction, which it transpires was a large and important piece of business, was turned over to you by Mr. Hammond on the ground that some discretionary action with the Government officials might be involved, and some criticism attached to that firm, if they remained in it. Now, what I wish to know is what you have encountered in this transaction that would have subjected that firm of attorneys—

The CHAIRMAN (interposing). I do not believe that is a proper question.

Mr. MARTIN (continuing). To criticism?

Mr. HAMILTON. Suppose an attorney himself felt that there might arise a condition that involved the exercise of discretion and he felt

a hesitancy about assuming that sort of relation. It would be largely a matter that he would have to settle himself, would it not?

Mr. MARTIN. Well, these particular attorneys have taken the position, virtually, that it developed that discretionary action was involved.

The CHAIRMAN. Or might be.

Mr. MARTIN. Or might be involved, such as made it appear proper to them, considering the relations between their firm and the administration, to withdraw.

Mr. DE GERSDORFF. I had nothing to do with that. Why do you ask me about it?

Mr. MARTIN. It is a matter of considerable interest to me to ascertain what, if anything, you have encountered in your service of that character.

The CHAIRMAN. I do not think it makes any difference whether he has encountered anything or not. If a lawyer, through a sense of propriety or delicacy, or a firm of lawyers, thought they ought not to be connected with any particular matter, it seems to me wholly unimportant whether the lawyers who succeeded them ever did encounter anything which might have justified their thought that there might have been some impropriety or indelicacy which would have resulted had they continued their service as attorneys. As a matter of fact, we all know that a great deal of criticism has already arisen. So that their fears were not wholly groundless; but it does not seem to me that it helps us in our investigation and determination of this question as to the administration of the Philippine land laws, as to whether they were oversensitive, or whether something did develop which justified their sensitiveness. At all events, this witness can hardly testify on that point.

Mr. GARRETT. Mr. de Gersdorff, during the time of your connection with this transaction have you ever had any correspondence with any of the officials of the Government of the Philippine Islands touching it?

Mr. DE GERSDORFF. No; none.

Mr. GARRETT. At no time?

Mr. DE GERSDORFF. At no time.

Mr. GARRETT. Now, Mr. Chairman, I want to ask that same question of Mr. Welch and of Mr. Havemeyer.

The CHAIRMAN. Very well.

Mr. GARRETT. During the time of these transactions, Mr. Welch, since you became interested in the matter, have you had any correspondence or conversation touching the matters with any official of the Philippine Government?

Mr. WELCH. No, sir.

Mr. GARRETT. Mr. Havemeyer, you heard the question. What is your answer?

Mr. HAVEMEYER. No, sir; I have not.

Mr. GARRETT. Has anyone, either attorney or member of the firm or the corporation of which you are a member, had any such conversation or correspondence, to your knowledge?

Mr. HAVEMEYER. No, sir; I think not. I can only testify as to myself.

Mr. GARRETT. My question was whether to your knowledge any of your associates or any of your attorneys have had any correspondence

or conversation with any of the officials of the Philippine Government touching these matters?

Mr. HAVEMEYER. Not to my knowledge; no. By attorneys do you mean Messrs. Bruce & Lawrence, down in Manila? I don't know anything about what they have done, anyway.

Mr. GARRETT. I mean, of course, anything within your knowledge.

Mr. HAVEMEYER. Yes. Well, I do not know of anything at all. Absolutely none.

Mr. DE GERSDORFF. I have no doubt that Mr. Bruce conducted this whole thing at that time and has had frequent conversations with officials. I do not know anything about it, but I do not see how he could have helped it.

Mr. GARRETT. I am only asking what is within your knowledge.

Mr. DE GERSDORFF. The only question you asked me was whether I had. I had not. I notice, in speaking to Mr. Welch and Mr. Havemeyer, you asked if any of their attorneys had. Messrs. Bruce & Lawrence, I have no doubt, had.

Mr. GARRETT. During the earlier stages of this transaction did you have any communication, either by letter or otherwise, with any of the officials of the Philippine Islands in regard to this matter?

Mr. DE GERSDORFF. No. I saw Maj. McIntyre. I do not suppose he is a member of the Philippine Government.

Mr. GARRETT. No; not of the Philippine Government. He is an official of the Insular Bureau of the War Department. I mean, specifically, the officials of the Philippine Islands?

Mr. DE GERSDORFF. No.

Mr. GARRETT. You have stated fully all the communication that you had with the Insular Bureau here, have you?

Mr. DE GERSDORFF. No. I saw Maj. McIntyre once more after I saw him on the 23d of November—long after the 23d of November, 1909. Shall I state my conversation with him?

Mr. GARRETT. Well, did it relate to this matter?

Mr. DE GERSDORFF. It related to the question of whether or not Mr. Poole would be required as a witness before this committee.

Mr. GARRETT. And that was all?

Mr. DE GERSDORFF. That was all; yes. I am perfectly willing to state if there is any desire for it.

Mr. GARRETT. Oh, well, since it has been mentioned perhaps you had better state it.

Mr. DE GERSDORFF. In my absence from New York I found that a message had been received from Maj. McIntyre stating that he believed that Mr. Poole would be required to attend before this committee as a witness; and our clients were very reluctant to take Mr. Poole away from the Philippine Islands on account of his work there. I was in Washington a few days afterwards and talked with Maj. McIntyre and asked him whether that was a request which came from the Bureau of Insular Affairs or from this committee, and he said that he had received a letter or a message from Mr. Olmsted, the chairman of this committee, stating that Mr. Poole would be required. Thereupon I wrote Mr. Olmsted a letter about it, stating that we did not want to bring him if it could be avoided, on account of the loss it would be to us in a business way. He said that he would bear the matter in mind and when the committee met would consider it.

Subsequently he wrote me, or telegraphed me, that he thought Mr. Poole would be required, and he is now on his way here.

Mr. GARRETT. Those are the only conferences you have had with any of the officials of the Insular Bureau?

Mr. DE GERSDORFF. I think so; yes.

The CHAIRMAN. Do you know when Mr. Poole is likely to arrive in this country?

Mr. WELCH. Mr. Poole telegraphed he would be in San Francisco on the 27th of January. My impression is he will be here around the 1st of February. I may be wrong about that, but that is the way we translated the cable.

Mr. WORCESTER. He can get here in four days, if he comes directly through. It took me four days.

The CHAIRMAN. Are you through with Mr. de Gersdorff? If so, that is all, Mr. de Gersdorff. What is the pleasure of the committee?

Mr. GARRETT. I would like to ask this of Mr. Welch: Did Mr. Poole proceed to the Philippine Islands under written instructions, or verbal?

Mr. WELCH. Oh, verbal.

Mr. GARRETT. That is all.

Mr. HAMILTON. I move that when the committee adjourns it adjourn subject to the call of the chairman.

(The motion was carried.)

Mr. GARRETT. I move that the committee do now adjourn.

(The motion was carried, and the committee thereupon at 6 o'clock p. m. adjourned subject to the call of the chairman.)

INVESTIGATION OF INTERIOR DEPARTMENT OF PHILIPPINE GOVERNMENT.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INSULAR AFFAIRS,
Saturday, February 11, 1911.

The committee this day met, Hon. Marlin E. Olmsted, chairman, presiding.

TESTIMONY OF MR. EDWARD L. POOLE.

(The witness was sworn by the chairman.)

The CHAIRMAN. Where do you live?

Mr. POOLE. I have really two residences—one in Manila and one in Mindoro.

The CHAIRMAN. Both in the Philippine Islands?

Mr. POOLE. Yes, sir.

The CHAIRMAN. How long have you been in the Philippines?

Mr. POOLE. Since October 11, 1909.

The CHAIRMAN. Where did you previously live?

Mr. POOLE. In Cuba, Hawaii, and California.

The CHAIRMAN. In what business were you engaged?

Mr. POOLE. In the sugar business—the manufacture and growing of raw sugar.

The CHAIRMAN. And the refining of sugar?

Mr. POOLE. No, sir.

The CHAIRMAN. Where were you engaged in the raising of sugar and the manufacture of raw sugar?

Mr. POOLE. In the Hawaiian Islands and also in Cuba.

The CHAIRMAN. Were you so engaged in business on your own account or as the agent of others?

Mr. POOLE. As the agent and employee of others.

The CHAIRMAN. For whom?

Mr. POOLE. For the Hawaiian Commercial Sugar Co., the Wailuku Sugar Co., The Kikie Sugar Planting Co., and the Olaa Sugar Co.

The CHAIRMAN. In what capacity did you represent those companies?

Mr. POOLE. In different capacities on different plantations.

The CHAIRMAN. That was in Hawaii?

Mr. POOLE. Yes, sir.

The CHAIRMAN. What corporations did you represent elsewhere?

Mr. POOLE. I was also employed by the Cape Cruz Co. in Cuba in the capacity of assistant manager.

The CHAIRMAN. What did you do for the corporations in Hawaii; what was your business?

Mr. POOLE. I attended to the field work principally.

The CHAIRMAN. The field work?

Mr. POOLE. Yes, sir.

The CHAIRMAN. What do you mean by the field work?

Mr. POOLE. The growing of the cane, the planting and cultivation; everything generally connected with that department.

The CHAIRMAN. What did you do for the Cuban companies?

Mr. POOLE. Practically the same work, only in an administrative capacity more than in Hawaii.

The CHAIRMAN. Are you still the representative of any of those companies?

Mr. POOLE. The companies I have named?

The CHAIRMAN. Yes, sir.

Mr. POOLE. No, sir.

The CHAIRMAN. When did you leave their employ?

Mr. POOLE. The exact dates—it is some time since I lived in Hawaii.

The CHAIRMAN. Approximately.

Mr. POOLE. Approximately in 1900 from Spreckelsville; 1901, Wailuku; 1902, Kikie; and 1903, Olaa to go to Cuba.

The CHAIRMAN. Was the American Sugar Refining Co. interested in any of those companies, so far as you know?

Mr. POOLE. I can not say; not to my knowledge.

The CHAIRMAN. Were any of the officers of those companies officers of the American Sugar Refining Co.?

Mr. POOLE. I would not be able to say positively; no, sir.

The CHAIRMAN. How did you happen to go to the Philippines in the first instance?

Mr. POOLE. At the instance of a Dr. Tisdale, of Alameda, Cal. That was in 1896.

The CHAIRMAN. What was the purpose of that visit?

Mr. POOLE. I simply went there to engage in agricultural work in the Hawaiian Islands.

The CHAIRMAN. No; I am talking about the Philippine Islands.

Mr. POOLE. Pardon me. I first arrived in the Philippine Islands on October 11, 1909. I went out there at the instance of Mr. C. J. Welch.

The CHAIRMAN. What was your errand to the Philippines on that occasion?

Mr. POOLE. To go out there and investigate the land conditions and also the conditions with a view to starting a modern sugar plantation; that is, the growing and manufacturing of the raw product, but not refining.

The CHAIRMAN. State what you did when you arrived there?

Mr. POOLE. I arrived there Sunday afternoon and secured accommodations at the Hotel Bayview, and on Monday morning I called on Mr. J. R. Wilson, assistant director of the bureau of lands, about 9.30 a. m., and I presented a letter which I had from Mr. J. Montgomery Strong, one of introduction, and had a few moments' conversation with him, and, if I remember aright, I think we stepped into Capt. Sleeper's office adjacent and there we also had a conversation in regard to the possibilities of growing cane there. I told both of the gentlemen that I was there at the instance of capital with the idea of starting a plantation, and that I would like to have them show me land or let me know where I could obtain some land in sufficient

quantities. That might not have been my general conversation, but that is as near as I can recollect. I also said that I had in view some land in Mindoro, and Capt. Sleeper immediately spoke of the San Jose estate, of which I had previously heard.

The CHAIRMAN. Just there. What land in Mindoro had you in view?

Mr. POOLE. Private land, owned by several different people.

The CHAIRMAN. You may proceed.

Mr. POOLE. I think it was about a week after that, or, to be exact, it was the 24th of October, that Mr. Wilson and I and a party of several gentlemen went down to Mindoro on the yacht *Negros*. We stayed there in the neighborhood of 20 or 21 days. The first two pieces of property that I had intended to look at or did look at I rejected.

The CHAIRMAN. What pieces of land were those?

Mr. POOLE. They were known as the Eduardo tract and the Kiki tract.

The CHAIRMAN. Private lands?

Mr. POOLE. Yes, sir.

The CHAIRMAN. What was the acreage of those tracts, approximately?

Mr. POOLE. I should say one was about 400 acres and the other I should say about 600 acres. Rejecting that, we went overland——

The CHAIRMAN (interposing). Why did you reject it?

Mr. POOLE. It was not sufficient in area, neither was it suitable for the raising of cane. From there we went over to the San Jose estate, which is about 15 miles from there; I should judge, a matter of 6 hours' travel on horseback, and stayed there, camping out on several of the different plateaus, examined that very thoroughly, and came back and reported to Mr. Welch that I liked——

The CHAIRMAN (interposing). Came back where, to the United States?

Mr. POOLE. To Manila.

The CHAIRMAN. Was Mr. Welch there?

Mr. POOLE. No. I reported by cable. Of course, there were several cables which passed between us, and I finally bought the property.

The CHAIRMAN. From whom did you buy it?

Mr. POOLE. From the Philippine Government, or the Bureau of Lands. The sales certificate was made by Capt. Sleeper and approved by Secretary Worcester, and bore our signatures.

The CHAIRMAN. Did you make a payment on account or the purchase?

Mr. POOLE. The first payment was made on January 4.

The CHAIRMAN. Who made that payment?

Mr. POOLE. I made it.

The CHAIRMAN. How?

Mr. POOLE. By check on the Hongkong-Shanghai Banking Corporation of Manila.

The CHAIRMAN. Whose check was it?

Mr. POOLE. It was deposited there by Mr. Charles Welch, of New York, in my favor.

The CHAIRMAN. Mr. Welch made the deposit in the bank in your favor?

Mr. POOLE. Yes, sir.

The CHAIRMAN. Was it your own check?

Mr. POOLE. Then I drew my personal check.

The CHAIRMAN. Not the check of any corporation?

Mr. POOLE. No, sir.

The CHAIRMAN. Your individual check?

Mr. POOLE. My individual check; yes, sir.

The CHAIRMAN. Did you negotiate with any of the officials in the United States for the purchase of that land?

Mr. POOLE. No; I did not. All of my negotiations have been with the Philippine Government.

The CHAIRMAN. Do you know what other parties, if any, were interested in that purchase besides Mr. Welch?

Mr. POOLE. Mr. H. O. Havemeyer—I believe those are his initials; I would not be positive—and Mr. Senff.

The CHAIRMAN. The money, you say, was deposited by Mr. Welch?

Mr. POOLE. By Mr. Charles Welch; yes, sir.

The CHAIRMAN. What relation do you now sustain to those lands, the San Jose estate thus purchased?

Mr. POOLE. I am the managing agent or the representative of those gentlemen out there.

The CHAIRMAN. What is being done upon the estate now?

Mr. POOLE. We are developing it, planting cane, building a railroad, laborers' quarters, Caucasian quarters as well, and the general work, of course, that pertains to a modern sugar plantation.

The CHAIRMAN. Are you officially connected with the Mindoro Development Co?

Mr. POOLE. I am the manager, yes sir; or the managing agent.

The CHAIRMAN. Who is building the railroad?

Mr. POOLE. The Mindoro Development Co. is building the railroad.

The CHAIRMAN. How many acres of the San Jose estate have you put into cane?

Mr. POOLE. Up to the present day?

The CHAIRMAN. Yes, sir.

Mr. WELCH. I would say in the neighborhood of about 40 to 50 acres, and possibly 200 acres in addition to that have been plowed.

The CHAIRMAN. Mr. Poole, do you know anything about the San Carlos Agricultural Co.?

Mr. POOLE. Yes, sir; they are a California corporation and have taken up several hectares of land there, amounting, I suppose, in round numbers to 7,500 acres.

The CHAIRMAN. The one corporation?

Mr. POOLE. No; the three corporations.

The CHAIRMAN. I am speaking now of the one corporation—the San Carlos Agricultural Co.

Mr. POOLE. I can not say positively just what the amount is; but I think it is in the neighborhood of 900 hectares, approximately. I can not speak positively.

The CHAIRMAN. Do you know who the stockholders are?

Mr. POOLE. I can not name them all. I could put them in the record.

The CHAIRMAN. What official relation, if any, do you sustain to that company?

Mr. POOLE. I am the managing agent.

The CHAIRMAN. What is the company doing?

Mr. POOLE. They practically are doing nothing at present other than they have bought the land, but, as a matter of fact, there has been no work done by them.

The CHAIRMAN. Were the lands they bought private lands, friar lands, or public lands?

Mr. POOLE. They were public lands.

The CHAIRMAN. Any friar lands?

Mr. POOLE. No, sir.

The CHAIRMAN. What about the San Francisco Agricultural Co., are you their agent?

Mr. POOLE. I bear the same relation to that company as I do to the first-named company.

The CHAIRMAN. That company has also acquired some land there?

Mr. POOLE. Yes, sir.

The CHAIRMAN. About how much?

Mr. POOLE. I could not say positively, but I could very soon tell you.

The CHAIRMAN. Private lands, friar lands, or public lands?

Mr. POOLE. Public lands, about the same amount, possibly a little more than the first-named company.

The CHAIRMAN. That company is not doing anything at present?

Mr. POOLE. That company is not doing anything at present.

The CHAIRMAN. Does it contemplate putting the land under cultivation?

Mr. POOLE. It contemplates putting the land under cultivation.

The CHAIRMAN. Is the San Mateo Agricultural Co. a California corporation?

Mr. POOLE. Yes, sir.

The CHAIRMAN. You are also the agent of that company?

Mr. POOLE. Yes, sir.

The CHAIRMAN. What is that company doing?

Mr. POOLE. I would say that it was practically in the same status as the other companies.

The CHAIRMAN. That is, it has purchased the land, but it has not yet put it under cultivation?

Mr. POOLE. It has purchased the land, but the entire payment has not been made.

The CHAIRMAN. Is that public land, friar land, or private land?

Mr. POOLE. Public land.

The CHAIRMAN. Any friar land?

Mr. POOLE. No, sir.

The CHAIRMAN. Did you negotiate the purchase of the lands for these companies?

Mr. POOLE. Yes; through my lawyers, Messrs. Bruce & Lawrence, of Manila.

The CHAIRMAN. Do you know about what those lands cost per acre or hectare, the lands purchased by those three companies?

Mr. POOLE. I can not say at the present moment, but I am quite sure it is in the record and I could look it up.

The CHAIRMAN. I thought perhaps if you purchased them that you would have a knowledge of the price.

Mr. POOLE. I think the first payment was something like——

The CHAIRMAN (interposing). What was the total cost per acre or hectare?

Mr. POOLE. I believe it was 2 pesos per hectare, but I am not positive. However, I could, of course, easily find out. If I remember aright, I think the first payment made by the three different companies was something like 5,100 pesos.

The CHAIRMAN. That was a considerably lower price than you paid for the San Jose estate?

Mr. POOLE. Yes, sir.

The CHAIRMAN. Are there other public lands in that vicinity?

Mr. POOLE. Yes, sir.

The CHAIRMAN. Why did you not buy public lands instead of friar lands, they being so much cheaper?

Mr. POOLE. Well, that seems plausible on the face of it, but a person who is conversant with the needs of a plantation, of course, generally buys the land that is most suitable for cane culture, also the conditions of water for irrigating, and the other public lands there did not have the resources that the friar estate had.

The CHAIRMAN. Did the amount of acreage that you could acquire make any difference?

Mr. POOLE. Possibly. I would say that the amount of acreage in the San Jose friar lands lies in a compact mass, while the Government lands are more or less scattered and not well watered.

The CHAIRMAN. Did the fact that you could buy only 40 acres of Government land have any bearing?

Mr. POOLE. No; I gave that no thought. I simply bought the land most suitable for the production of sugar.

The CHAIRMAN. Would you have made the purchase if you could only have bought 40 acres?

Mr. POOLE. Not to start a modern sugar plantation; no, sir.

The CHAIRMAN. What do you consider to be the minimum acreage which would justify the erection of a modern centrale?

Mr. POOLE. Why, that depends, of course, very much on the ultimate output that you wish to make of the plant. Some plantations in Hawaii have a thousand acres, others have 20,000, and others have 40,000, and it is simply a matter of conditions. I would say that from 25,000 to 40,000 acres would be sufficient to start a modern sugar plantation as mills are being operated now. That would be cane. You would have to have other land for the pasture of the stock and also to rest the cane lands. As time goes by the cane land has to be rested, a system of rotation.

The CHAIRMAN. You thought that the San Jose estate of 55,000 acres was of the right size for your purpose?

Mr. POOLE. I could have gotten along with half of it; but Capt. Sleeper said that he would charge me more if I took half and broke it up, and I said: "Very well, I will take it all." In the San Jose estate there are about 30,000 acres which are adapted to sugar, and the balance would be for rice and grazing. Of course there are in the neighborhood of 5,000 acres of waste land, owing to the rivers.

The CHAIRMAN. How many people were there on the estate when you first went there?

Mr. POOLE. There was no one living on it at that time to my knowledge, but later on I found one person living on the estate.

Mr. GRAHAM. A squatter?

Mr. POOLE. Possibly. He was getting a livelihood by catching wild carabao. Prior to that he had been in jail several years. He is still living on the place, however.

The CHAIRMAN. The public lands being restricted in sale to 40 acres to one purchaser, with the conditions that he must occupy it and cultivate it for 5 years, during which period he must not sell or encumber it, under such conditions are the public lands available for the purposes of sugar cultivation and centrales?

Mr. POOLE. Yes; it would be possible to start a centrale; that is, provided, of course, you could get enough people together to form, as you might say, a sort of a community which possibly could be done lawfully. I would not attempt to say whether or not it could be done. In other words, a company could go in there and buy lands by a community of interest in that way.

The CHAIRMAN. But they could not buy it, as a man who buys the land from the Government can not sell it for five years?

Mr. POOLE. Then, it could not be done. One man going in there and planting 40 acres of sugar cane with no place to sell his product would be committing commercial suicide.

The CHAIRMAN. I would like to ask you whether you or Mr. Welch would have put up a centrale if you could not have bought more than 40 acres of land?

Mr. POOLE. Most assuredly not; I would not.

The CHAIRMAN. Would you be willing to take a chance on other people's buying 40 acres and raising the cane and selling it to the centrale?

Mr. POOLE. Under the present conditions, no.

The CHAIRMAN. That is all I care to ask at the present time.

Mr. JONES. In reply to a question addressed to you by the chairman, as to whether or not any of the officers of the American Sugar Refining Co. were interested in any of the companies with which you are connected, you said you could not say positively?

Mr. POOLE. Not being in an official capacity, not having access to the books, I could not say; no, sir. You can readily understand, of course, my answer that way.

Mr. JONES. What was your understanding as to this; did you have any general information?

Mr. POOLE. No; I never had any information. In fact, we were all so busy getting the cane into the ground or planted that we really never bothered about any of the operations of refining the sugar. We simply made the raw sugar and got it to the warehouse and shipped it, and after that it was immaterial to us where it went.

Mr. JONES. You made no inquiries?

Mr. POOLE. None whatever.

Mr. JONES. Who did you understand were the people who furnished the capital?

Mr. POOLE. Mr. C. H. Spreckels was the prime mover of the Hawaiian Commercial Co., Mr. C. J. Welch, or the estate, was largely interested in the Wailuku Co., Mr. H. T. Baldwin, Mr. Thurston, and Mr. Dillingham are interested in the Kiki Planting Co., and several of those gentlemen with a great many small holders are interested in the Olaa Co. The Cape Cruz Co. is owned by Mr. Welch, Mr. Have-meyer, Mr. Senff, and Mr. Harrison. That is located in Cuba. The other companies I have named are located in Hawaii.

Mr. JONES. Which one of the companies with which you are connected first invested in sugar lands in the Philippines?

Mr. POOLE. I myself, as the representative of those three gentlemen, bought the San Jose estate. Then in turn the Mindoro Development Co. purchased 200 acres out of that estate to which they have title. I presume the first company was the Mindoro Development Co. that bought land in the vicinity. None of the other companies that I have named has any interest or title to land in the Philippines, so far as I know.

Mr. JONES. The California companies that you managed, have they no lands there?

Mr. POOLE. They have public lands. The negotiations for that purchase were started about November 6, I would say.

Mr. JONES. 1909?

Mr. POOLE. Yes, sir; 1909. I received a letter from Messrs. Lent & Humphrey, a law firm of San Francisco, Cal., in which they stated that they wished to take up land for the three different companies. I in turn turned the work over to Mr. Bruce, of Bruce & Lawrence, that is, the attending to the preliminaries of the applications for this Government land.

Mr. JONES. Did you ever have any business relations with the people who compose those corporations before November, 1909?

Mr. POOLE. No, sir.

Mr. JONES. Can you tell us how it was that they should have applied to you, a total stranger, to represent them?

Mr. POOLE. I was not a total stranger.

Mr. JONES. You never had any business relations with them?

Mr. POOLE. I knew some of the gentlemen socially in San Francisco. I had met them, but never had any dealings with them.

Mr. JONES. You never had any business dealings with them?

Mr. POOLE. No, sir.

Mr. JONES. How long had you been in the Philippines before you received a commission from these gentlemen?

Mr. POOLE. Roughly speaking, I presume, six weeks, possibly extending into two months.

Mr. JONES. Did these gentlemen know before you left San Francisco what you were going to the Philippines for, or did they, indeed, know anything about your going out there?

Mr. POOLE. I would say they did not; possibly in a general way they might have, but I had no conversation with any of the gentlemen connected with the law firm in regard to going out to the Philippines or acquiring any land.

Mr. JONES. How, then, do you account for their having applied to you to represent them out there?

Mr. POOLE. Why, in the natural trend of facts, I presume some of those gentlemen are acquainted with Mr. Welch, Mr. J. C. Welch, and they, knowing that he had acquired lands out there through me, I presume got into communication with him.

Mr. JONES. Then, your presumption is that it was through Mr. Welch that you became the manager of these other companies?

Mr. POOLE. I would not say that in just that way. I received the appointment or the powers of attorney from those gentlemen some time in February, if I am not mistaken. I received the powers of attorney for those three different companies, I would say, about the middle of February—February 10. I had written to them prior to that and, of course, you understand, crossing the Pacific, it takes

some time to get them. I also had Mr. Bruce cable to Messrs. Lent & Humphrey on December 30 in regard to it.

Mr. JONES. That was in 1910?

Mr. POOLE. In 1909; and I received the powers of attorney in 1910.

Mr. JONES. You received the powers of attorney in 1910?

Mr. POOLE. Yes, sir.

Mr. JONES. Now, Mr. Poole, in communicating with those three different concerns, did you always communicate with each separate concern or was there some common representative of all the concerns?

Mr. POOLE. On my part there has been very little correspondence with any of those firms. I have turned that over to Mr. Bruce and he has corresponded with them. He has always corresponded with Messrs. Lent & Humphrey, who are the lawyers for those three different companies.

Mr. JONES. They represent all three of the companies?

Mr. POOLE. Yes, sir.

Mr. JONES. And they forwarded all three of the powers of attorney to you at the same time?

Mr. POOLE. Yes, sir. They are now in the possession of Mr. Bruce in Manila.

Mr. JONES. Will you give us some idea as to the amount of money that has been expended on this San Jose estate and on the railway of which you have spoken and the docks, separately, if you can? Take the estate to begin with.

Mr. POOLE. I could not give you that positively, Mr. Jones, for the reason that I left within 24 hours after getting the notice and naturally all my labor segregations and everything are in Mindoro. I went up to Manila to spend my Christmas and there received a cable to come on to Washington. I had only 24 hours' notice to catch the *Siberia*, and naturally everything pertaining to the cost is in Mindoro, the labor segregations and all the different accounts. Of course, we have the construction of the railroad, the construction of the wharf, building the temporary buildings and the permanent buildings, the mill site, surveys, and, in fact, there are possibly in the neighborhood of 50 different accounts, and I could not attempt to tell you intelligently without having the segregations here.

Mr. JONES. You speak of the mill site. Has not the mill itself been erected?

Mr. POOLE. No, sir; it is in course of construction.

Mr. JONES. Can you give us, approximately, how much money has been expended on this estate in the way of the mill?

Mr. POOLE. Approximately a million dollars.

Mr. JONES. On the estate?

Mr. POOLE. Not on the estate, possibly, but on machinery contracts; and, of course, you understand that on an estate like that there is a great amount of labor. There has been, I suppose, in the neighborhood of \$20,000 spent getting labor in there. There has been \$54,000 spent in buying a steamer.

Mr. DOUGLAS. Do you mean to include in the million dollars not only what has been checked out but what has been contracted for?

Mr. POOLE. Everything, contracted for and checked out, would be about a million dollars.

Mr. JONES. You are speaking of the estate now?

Mr. POOLE. While I am speaking of the estate, of course I do not mean to say that that amount has been spent for the San Jose estate.

Mr. JONES. I understand that the Mindoro Development Co. is another concern, and I want to know how much has been expended of moneys that belong to the three gentlemen who you say own the estate; how much has been expended upon that estate?

Mr. POOLE. Upon the estate as a whole, of course, that amount has not been spent. It has been spent in buying machinery for the Mindoro Development Co. Money also has been spent for the survey of the San Jose estate and the work being done on that now in the way of plowing. That is kept separate by a system of labor segregation which, of course, is used on all plantations and on all railroads.

Mr. JONES. Do I understand you to say that the \$1,000,000 of which you have spoken was expended by the Mindoro Development Co. and the three gentlemen who owned the San Jose estate?

Mr. POOLE. Yes, sir.

Mr. JONES. On the railroad and the estate?

Mr. POOLE. On the railroad and the necessary work, of course, in starting a modern plantation.

Mr. JONES. Who owns the docks that have been erected or that are in process of erection?

Mr. POOLE. The Mindoro Development Co.

Mr. JONES. Has anything been expended on those in addition to the \$1,000,000?

Mr. POOLE. There has been in the neighborhood of \$30,000 spent on the wharf.

Mr. JONES. Has anything been spent on improving the harbor?

Mr. POOLE. Possibly \$5,000 in the way of buoyage?

Mr. JONES. Nothing in deepening the channel?

Mr. POOLE. No; that was not necessary.

Mr. JONES. That was not necessary?

Mr. POOLE. No, sir.

Mr. JONES. You stated, Mr. Poole, that the fund that you drew upon was deposited in one of the Manila banks by Mr. Welch, did you not?

Mr. POOLE. Yes, sir. Of course, I did not see the draft, I simply received notification that a certain amount had been received by the Hongkong Banking Corporation and had been placed to my credit, coming through the agency of some bank in New York, which had been deposited there, I will say, by Mr. Welch. I might be mistaken, it may have been deposited by the treasurer of the company.

Mr. JONES. You really do not know who deposited the money there?

Mr. POOLE. I recognize that Mr. Welch deposited it there.

Mr. JONES. What is your reason for saying that?

Mr. POOLE. As I have always had my correspondence with Mr. Welch, I recognize him as the moving factor.

Mr. JONES. He informed you that this money had been deposited.

Mr. POOLE. He informed me that money would be deposited for the payment of the San Jose estate.

Mr. JONES. And for the payment of the proposed purchase by the Mindoro Development Co.?

Mr. POOLE. That was deducted from the total amount; that is, for the 200 hectares.

Mr. JONES. Who deposited the money that paid for the 200 hectares?

Mr. POOLE. I deposited the entire amount in one check and then I credited it on the books of the San Jose estate and instructed the bookkeeper to credit the San Jose estate with that amount, and I presume—this is a presumption on my part if you will pardon me—that Capt. Sleeper made the same entry in his books. I do not know whether that is permissible or not.

Mr. JONES. Then I understand that you segregated the moneys that went to the San Jose estate and those that went to the Mindoro Development Co., but, so far as you know, they were all received from the same source?

Mr. POOLE. The first payment, I would say, was received from Mr. Welch, roughly speaking, 170,000 pesos.

Mr. JONES. The money, however, was deposited to your credit in lump sums and you did the separating?

Mr. POOLE. I did the segregation there.

Mr. JONES. You regarded these properties as all being owned by the same people, and you simply did this segregation for the purpose of convenience in order to keep them nominally separated?

Mr. POOLE. No; I knew at the time that the San Jose estate would be controlled by these three gentlemen separately. I presumed, to use a technical term, that the Mindoro Development Co., being a centrale, would no doubt in time issue stock to other individuals.

Mr. JONES. But the money to pay for all the property came through Mr. Welch?

Mr. POOLE. Mr. Welch.

Mr. JONES. And you considered yourself as representing Mr. Welch, did you not?

Mr. POOLE. Yes, sir.

Mr. JONES. In the disposition of that money?

Mr. POOLE. Yes, sir.

Mr. JONES. Did not some other gentlemen accompany you out there?

Mr. POOLE. Mr. Prentiss.

Mr. JONES. He went with you?

Mr. POOLE. Yes, sir; he went with me from Cuba.

Mr. JONES. Who is Mr. Prentiss?

Mr. POOLE. He is my assistant there. He has been connected with the Cape Cruz Co., I judge, from the time we left there, about six and one-half years. He is conversant with the sugar-house work, and when we are in operation he will have charge of, as we term it, the sugar-house end of it, under my supervision.

Mr. JONES. What relation did he sustain to Mr. Welch?

Mr. POOLE. Well, really, I can not say in just what way. In Cuba?

Mr. JONES. In the Philippines?

Mr. POOLE. He was Mr. Welch's representative. We were both the representatives of Mr. Welch.

Mr. JONES. And the relations which he sustained to Mr. Welch were similar to those sustained by yourself?

Mr. POOLE. I would say practically the same—managing agent of the Mindoro Development Co.

Mr. JONES. You both were representatives of the same identical interests and acted together?

Mr. POOLE. Yes, sir.

Mr. JONES. You did not represent one interest and he another?

Mr. POOLE. No, sir.

Mr. JONES. You did not represent the San Jose estate and he the Mindoro Development Co., for instance, but you both represented the same identical interests, interests which were represented in this country by Mr. Welch?

Mr. POOLE. Yes, sir.

Mr. JONES. And you regarded yourselves as the agents of Mr. Welch?

Mr. POOLE. Yes, sir.

Mr. JONES. And directed the affairs of both the San Jose estate and the Mindoro Development Co.?

Mr. POOLE. Yes, sir.

Mr. JONES. Did he have anything to do with directing the affairs of these three California companies?

Mr. POOLE. Mr. Prentiss?

Mr. JONES. Mr. Welch.

Mr. POOLE. No, sir.

Mr. JONES. Did you ever have any communication with him on the subject?

Mr. POOLE. You are speaking of directing the affairs; he advised these gentlemen and they spoke to him, I presume, or wrote to him. I received a cable from Mr. Welch in regard to the colono companies and he advised that the land be taken up, I think, along the line of the railroad. I am not quite sure how the cable read, but I could very easily get it for you, but other than merely in an advisory capacity Mr. Welch was not connected with it in any way.

Mr. JONES. Could you secure a copy of that cablegram and incorporate it in your testimony?

Mr. POOLE. I have not it with me, but I could get it.

Mr. DOUGLAS. You have not it in the room or in America?

Mr. POOLE. It is in America; yes, sir.

Mr. JONES. Will you incorporate a copy in your testimony, see that the stenographer has a copy of it?

The CHAIRMAN. To insert it at this point, is that your idea, Mr. Jones?

Mr. JONES. Yes, sir.

Have you commenced the growing of cane on this estate?

Mr. POOLE. On a small scale. As I remarked, I have in the neighborhood of 50 or 60 acres planted.

Mr. JONES. You stated in reply to a question by the chairman that you did not take into consideration at all the question of the amount of land that you could buy in deciding to buy the San Jose friar land rather than public lands, and that the only consideration that moved you was the fact that the San Jose estate was better adapted to the raising of cane?

Mr. POOLE. That was what led me to buy the estate.

Mr. JONES. Rather than public lands?

Mr. POOLE. Rather than public lands.

Mr. JONES. You went out there, however, with the idea of buying private lands?

Mr. POOLE. That was my first idea of going out there, to buy private lands, yes, sir.

Mr. JONES. Had you had any private lands offered to you? Did you have any option on private lands before you went out there?

Mr. POOLE. None whatever.

Mr. JONES. Did you have any special or particular private lands in your mind?

Mr. POOLE. None other than the Eduardo and Kiki lands. Of course, when I got into Manila the real estate men were quite active there, as in all other cities, and they immediately had large tracts of lands which they wished to sell me. I went down to Mindoro and was satisfied with the property there and obtained it. The Eduardo and Kiki lands, as I told the honorable chairman, were not adapted for the growing of sugar cane.

Mr. JONES. I understood you to say that you did not originally desire to purchase the whole of the San Jose estate and that you would have preferred to have purchased only 30,000 acres?

Mr. POOLE. I did not speak of it in that way, to give that impression. As I said, 30,000 acres of the land are adapted for the raising of sugar cane. Now, then, of course, on a plantation of any modern size you have to have a separate acreage for the pasture of your work animals, and in a country such as the Philippines it is advisable to have land adjacent to the plantation where you can grow rice. Rice is the staple product, and we import 10,000,000 pesos of rice a year, and so it is advisable that we grow it. When I speak of the importation of rice I mean the Government of the Philippine Islands. For that reason we can utilize 30,000 acres for cane and the balance for pasturing the animals and growing rice.

Mr. JONES. I understand that you can utilize the total amount, but you did say, did you not, that Capt. Sleeper urged you to buy the whole tract and that he said if you bought only the 30,000 acres which you thought particularly well adapted to sugar-cane raising you would have to pay more?

Mr. POOLE. I believe that was the idea. Land cut up in that way generally brings a higher price. Take, for instance, yourself; if you have a hundred acres you will sell it for a lump sum, and if some one comes along and wants to buy 50 acres you will naturally charge him more for the 50 acres.

Mr. JONES. However, the land bureau out there had a fixed price for this land, had it not?

Mr. POOLE. I believe it had.

Mr. JONES. And it sold to everybody at the same price?

Mr. POOLE. I believe it also has the privilege of raising the price when tracts are to be cut up. I am not positive. Capt. Sleeper is here and you can ask him. If I have made any misstatements I want to be corrected.

Mr. JONES. I understood from your testimony, however, Mr. Poole, that you had not intended to purchase the whole of this estate, but that Capt. Sleeper urged you to buy all of it and told you that if you would you would get it at less per acre than if you bought, say, for instance, 30,000 acres?

Mr. POOLE. I certainly did not say anything to give that impression. It would certainly have been foolish for me to have gone down there

and bought the land without taking the other land immediately adjacent which I could use.

Mr. JONES. I will ask the stenographer to read exactly what you did say.

The stenographer read as follows:

Mr. POOLE. I could have gotten along with half of it, but Capt. Sleeper said that he would charge me more if I took half and broke it up, and I said, "Very well, I will take it all."

Mr. POOLE. With your permission, I would like to strike that out.

Mr. JONES. No; I do not care to have it stricken out. That is what you said. You can make any explanation you may wish.

Mr. POOLE. Well, the conversation with Capt. Sleeper occurred nearly two years ago, and I can not say whether those were my exact words or not, but that was speaking purely from an agricultural standpoint and not thinking at the time of the need of growing rice or the possibility of needing pasture for my cattle. When Capt. Sleeper asked me how many acres, I said that about 30,000 acres would do for a plantation for raising cane for the size of the mill that was to be put up there.

Mr. JONES. Then, it was Capt. Sleeper who suggested that that number of acres would not be sufficient?

Mr. POOLE. No. He simply had the 55,000 acres in the San Jose estate down there, and I went down there and was satisfied with the property, and came back and so reported to Mr. Welch, and bought the entire area. No suggestion from Capt. Sleeper led me to buy the entire tract or even a part of it; I used my own judgment.

Mr. JONES. Do you remember what Capt. Sleeper told you you would have to pay for the 30,000 acres if you only took that amount?

Mr. POOLE. There was never any price mentioned.

Mr. JONES. He simply told you that you would have to pay more? You have no idea how much more?

Mr. POOLE. I can not say. Capt. Sleeper is here. I believe in any subdivision of property the prices change; possibly, I presume in order to pay for the additional cost of surveying.

Mr. JONES. But, Mr. Poole, you said that you could get along with 30,000 acres?

Mr. POOLE. Yes, sir.

Mr. JONES. And you bought 55,000 acres?

Mr. POOLE. Yes, sir.

Mr. JONES. The other 25,000 acres not being adapted for raising cane, and 5,000 acres being absolutely waste land, why did you buy? I want to know what inducement was offered you to buy the 25,000 acres which you did not think at that time you needed?

Mr. POOLE. My conversation with Capt. Sleeper in regard to the 30,000 acres was on the second day I was in Manila. When I came back from exploring the country in Mindoro and seeing the way it lay, adjacent to the mountains and rivers, I concluded that it was advisable to buy the entire tract, and as for buying the 5,000 acres of waste land, of course, in buying a property one has to buy everything within the confines of the territory.

Mr. JONES. You could have bought 30,000 acres by paying somewhat more for it and not have gotten the waste land?

Mr. POOLE. I would have had 2,500 acres of waste land even in the 30,000 acres, simply because the land has several rivers flowing

through it, and while that is computed in the area it is practically waste land.

Mr. JONES. When did this conversation in which you told Capt. Sleeper that you could get along with 30,000 acres take place?

Mr. POOLE. I think it was on the morning of Monday, October 11.

Mr. JONES. That was before you had seen the land at all?

Mr. POOLE. Yes, sir.

Mr. JONES. And before you knew anything at all about the character of the land?

Mr. POOLE. Yes, sir.

Mr. JONES. As to how much was adapted to planting cane and how much was waste land?

Mr. POOLE. Yes, sir.

Mr. JONES. Your first idea, before you saw the land or knew anything about it, was that 30,000 acres would be about what you would want?

Mr. POOLE. Yes, sir; using the 30,000 acres as a rough estimate.

Mr. JONES. And it was then that Capt. Sleeper made the remark to you that if you took 30,000 acres you would have to pay more for the land, and that you had better take the whole tract?

Mr. POOLE. He did not tell me. He said: "You go down with Mr. Wilson and first look at the land you have in view, and then go over the San Jose estate, and if you like it we will fix you up." I believe those were the captain's words.

Mr. JONES. Mr. Poole, you have said that you represented several corporations and capitalists in the Philippine Islands. Do you represent any other companies than those you have been specifically asked about?

Mr. POOLE. Nothing more than my own private company. I am hardly a representative of it, other than a director.

Mr. JONES. There is another company in which you are interested?

Mr. POOLE. In Cuba, but not in the Philippines.

Mr. JONES. I was asking especially about the Philippines.

Mr. POOLE. Pardon me. I am interested in nothing other than a private lot in the city of Manila or the suburbs of Manila.

Mr. JONES. You have named——

Mr. POOLE (interposing). Pardon me just a moment. Mr. Bruce, Mr. Thompson, Mr. L. J. Welch, of San Francisco, and myself, have taken up, I think it is, 800 hectares or 640 hectares, I would not be positive, of Government land about 40 miles from the San Jose estate or the Mindoro Development Co., whichever you wish to embody, a tract of coal land. I do not know whether the entire tract has coal on it or not, but there is one ledge of coal cropping out about the center of the 640 acres, and also oil prospects. That is organized under the mining laws of the Philippine Islands.

Mr. JONES. What Mr. Welch did you say?

Mr. POOLE. Mr. L. J. Welch, of San Francisco, a brother of Mr. C. J. Welch.

Mr. JONES. A brother of the gentleman who testified here and who is interested in all these other things?

Mr. POOLE. Yes, sir.

Mr. JONES. Is that Mr. Welch interested in any other company out there that you know of?

Mr. POOLE. That I could not say. Personally I would say that he is not interested in anything out there other than this coal pros-

pect that I speak of. That, of course, is an entirely separate concern from any of the other concerns out there.

Mr. JONES. Is that a corporation or merely a company?

Mr. POOLE. I presume it is a company. I am really not conversant enough with the legal status to know. Messrs. Bruce & Lawrence drew up the articles of incorporation or agreement, but just what the status is I would not be able to say. The company has expended about ₱600 in developing the property which is necessary in developing a mining property or else we lose the title.

Mr. JONES. That is all you have done to the property so far?

Mr. POOLE. Yes, sir.

Mr. JONES. Have you or your associates made application for any other lands, public lands or friar lands?

Mr. POOLE. No, sir. That is, you mean the four associates I have just mentioned?

Mr. JONES. Your associates in these three California companies?

Mr. POOLE. I believe Mr. Thompson did several years ago, but that was prior to the forming of this company. Since then there has been no movement on the part of my associates and no movement on my part to obtain any private or public lands.

Mr. JONES. So far as you know, the gentlemen who compose these various companies or corporations have not taken any steps to acquire any other lands, public or private?

Mr. DOUGLAS. You are referring to the 600 acres?

Mr. JONES. I am referring to the gentlemen who are interested in the three California companies, the San Jose estate, the Mindoro Development Co., whether those gentlemen——

Mr. DOUGLAS (interposing). Name the gentlemen.

Mr. JONES. He has named most of them.

Mr. POOLE. I named Mr. L. J. Welch, Mr. Thompson, Mr. Prentiss, and myself as being interested.

Mr. JONES. Mr. Prentiss is your assistant manager in some five or six corporations, and I want to know whether any of those gentlemen——

Mr. DOUGLAS (interposing). I do not think the witness has understood the question, that the men who are interested in the Mindoro Development Co., if they do own the stock of the San Jose estate, are also interested in the colono companies there.

Mr. JONES. I do not see just why you should protest against the question.

Mr. DOUGLAS. I think the question is confusing to Mr. Poole.

Mr. POOLE. The gentlemen I named were an entirely different set of gentlemen from those I first named.

Mr. JONES. Of course, I did not refer to the last set of gentlemen.

Mr. POOLE. But you are asking me the questions so quickly.

Mr. JONES. I did not intend to convey any such idea. What I want to know is whether, for instance, Mr. Havemeyer, Mr. Senff, and Mr. Welch, who were partners——

Mr. POOLE (interposing). I am their representative.

Mr. JONES (continuing). And Mr. Welch and the other gentlemen whom you say were interested in the three California companies, and all of whom are represented by you, I want to know if any of those gentlemen are connected with any other corporations that are attempting to purchase either public or friar lands?

Mr. POOLE. I have a letter from Mr. Welch——

Mr. DOUGLAS. What Mr. Welch?

Mr. POOLE. Mr. C. J. Welch. The three gentlemen you speak of are not in any way connected with the colono companies, and you have also their sworn testimony.

Mr. JONES. I still think that you misunderstand the question. I am not asking you whether the gentlemen who are interested in the San Jose estate have any interest in the California companies, or vice versa, but I am asking whether you know if any of those gentlemen are interested in any other companies that may have been formed for the purpose of purchasing sugar lands or other lands in the Philippines or have made any application to buy any lands?

Mr. POOLE. No; they have not.

Mr. JONES. That is the question.

The CHAIRMAN. In other words, Mr. Poole has testified concerning the three California companies which have stockholders, and he has also testified concerning Mr. C. J. Welch, Mr. Senff, and Mr. Havemeyer, and what Mr. Jones asked was whether any of those gentlemen are interested in any other corporations in the islands which you have named?

Mr. POOLE. No, sir; they are not.

Mr. JONES. I do not believe that Mr. Douglas wants to insist upon his objection to that question.

Mr. DOUGLAS. I think it was apparent to a number of the members of the committee that the question was not distinctive enough.

Mr. POOLE. To me it was very misleading.

The CHAIRMAN. Mr. Jones modified the question so that it was understood.

Mr. JONES. I am sorry if the question was misleading; it was not so intended.

Mr. DOUGLAS. I am certain there was no such intention.

Mr. JONES. I wanted to find out if any of these gentlemen, Mr. Welch, Mr. Havemeyer, or Mr. Senff, were interested in any land deals in the Philippine Islands, to your knowledge, outside of those you have already mentioned?

Mr. POOLE. No, sir; they are not.

Mr. JONES. You stated that one of these concerns owned a boat or steamer?

Mr. POOLE. The Mindoro Development Co. has a steamer for its use between Manila or between all the ports of the Philippine Archipelago and the wharf-site or Mangarin Point.

Mr. JONES. Has the Mindoro Development Co. any business relations with any other ports than that of Manila and the home port?

Mr. POOLE. We often go to different ports in the islands to secure labor or supplies. I could name a few trips, if it is necessary.

Mr. GRAHAM. Are we to understand that when you located on this San Jose estate, this friar land, that there were no settlers on all this vast estate at that time and that you only found one squatter?

Mr. POOLE. Absolutely none.

Mr. GRAHAM. How long had this land been left in this shape, unoccupied or uncultivated?

Mr. POOLE. I presume since the beginning of the world.

Mr. GRAHAM. And there has never been any improvement?

Mr. POOLE. No, sir; with the exception of two or three hundred acres near the coast and in the little towns adjacent. There is no one living there now.

Mr. GRAHAM. The purchase of this land has led to the settlement and employment of thousands of people?

Mr. POOLE. I would not say thousands of people, but it will lead to the employment of the people and will lead, I should think, to a great deal of good to the Filipino people. We have now in the neighborhood of 800 people working on the place in different capacities and I presume that in a couple of years we ought to have, if everything goes well, at least two or three thousand people, all getting their living from land which has lain idle.

Mr. GRAHAM. The friars had simply taken the land and held it for speculative or other purposes?

Mr. POOLE. I would not say that they took it for that purpose, but 25 years ago they bought it, I believe, from—I presume hearsay testimony will go in regard to this—I was told by the manager of the San Jose estate that the Recoleta Brothers, a religious order of Manila, bought this piece of property from a mestizo, which is really a half-breed of any nationality, and that the Filipino mestizo, the party who owned it at that time, was a Spaniard, and he sold it to the Recoletos, for what amount I can not say. During the insurrection, or after the insurrection, this land was turned over to the friars, and the Philippine Government paid for it by issuing bonds.

Mr. GRAHAM. But it was never cultivated to your knowledge?

Mr. POOLE. Never; other than a few hectares of rice and for grazing purposes. There were never more than 100 people living on it at any time, and during the insurrection those people left, of course—and many were killed in the insurrection—and never moved back to the place.

Mr. PARSONS. What was the purpose for which the Recoletos bought the property?

Mr. POOLE. I presume for missionary purposes, to establish a mission down there. There is a great number of non-Christian people living on the island. They are imbued with a missionary spirit, and they went down there to establish a mission.

Mr. JONES. They did not do it for the benefit of the one man who you said had spent several years in the penitentiary and who was the only resident upon the estate when it was purchased by you, did they?

Mr. POOLE. No; I think he is beyond the pale of Christianity.

Mr. JONES. As a matter of fact, these lands were used for grazing purposes, were they not?

Mr. POOLE. A part of them. I presume the Recoletos had in the neighborhood of 5,000 or 10,000 head of cattle up to the time of the insurrection. After that, which lasted possibly two years or during the hostilities, they rounded up in the neighborhood of 600. They have now, I believe, about 3,500. The balance were killed, stolen, or shipped away.

Mr. JONES. They got the lands originally for grazing purposes?

Mr. POOLE. Yes, sir.

Mr. RUCKER. Are these employees natives?

Mr. POOLE. The people employed by me down there?

Mr. RUCKER. Yes, sir.

Mr. POOLE. Natives, yes, sir; and some caucasians and some few Spaniards.

Mr. RUCKER. What proportion of them are natives?

Mr. POOLE. I would say, roughly speaking, about 98 per cent.

Mr. RUCKER. How many employees do you contemplate having when you have the mill in operation and your land in cultivation?

Mr. POOLE. We are likely to employ in the neighborhood of 2,500 people.

Mr. RUCKER. Will the number of native employees be about in the same proportion as at present?

Mr. POOLE. Yes, sir; in about the same proportion; possibly it might run a little lower, may be 95 per cent.

The CHAIRMAN. Let me interrupt you. Where do the other 2 per cent come from?

Mr. POOLE. They are residents of the United States or Americans and English people; they are Caucasian employees.

Mr. GRAHAM. Who have been residing in the islands?

Mr. POOLE. Yes, sir. What we would term in the islands skilled labor.

The CHAIRMAN. Did they go from America to Manila for that employment?

Mr. POOLE. They were already in Manila at that time, and many honorably discharged soldiers.

The CHAIRMAN. They were residents of the Philippines at the time of their employment?

Mr. POOLE. Yes, sir.

Mr. RUCKER. What are you paying your farm employees?

Mr. POOLE. The maximum for farm employees is 80 cents.

Mr. RUCKER. Do they board themselves?

Mr. POOLE. Yes, sir; they board themselves.

Mr. RUCKER. And then you have a better class of workmen, mechanics, etc.?

Mr. POOLE. Yes, sir; a different class—engineers, firemen, and assistant engineers, who receive all the way from 45 pesos to 80 pesos a month. That would be from \$22.50 to \$40 gold.

Mr. JONES. When you said that the farm employees received 80 cents, was that in gold?

Mr. POOLE. 80 centavos, 40 cents gold.

Mr. RUCKER. Are you contemplating any difficulty in obtaining all of the labor you want at those prices?

Mr. POOLE. That is a mooted question. I am in hopes that I will be able to get all the labor I need at those figures. It is really what is being paid by the hacenderos or sugar growers in other parts of the islands, not in Mindoro.

The CHAIRMAN. How much is paid in other parts of the islands?

Mr. POOLE. There are various rates. In Negros I have been told that they have been paying a peso and a half to two pesos a week.

The CHAIRMAN. From 30 to 40 cents gold?

Mr. POOLE. Yes, sir.

Mr. GARRETT. A week?

Mr. POOLE. A day.

Mr. RUCKER. Are you using any steam plows?

Mr. POOLE. Yes, sir.

Mr. RUCKER. How many?

Mr. POOLE. Two plows imported from England. They were only in operation two days when I received orders to come to Washington, so naturally I can not say much of them, although I know they work successfully in Hawaii. I have also 4 traction engines that I bought in the islands.

Mr. RUCKER. Do you expect that mode of plowing to cut down the number of farm animals you will finally use?

Mr. POOLE. I presume it will cut down the number of farm animals to a certain extent, but it would be absolutely impossible to go into a virgin country and do any plowing other than with steam plows. The land, of course, has been lying there for centuries and is very hard, and in order to get the proper depth you have to plow from 8 to 12 inches, and it would be impossible to use the animals. The cogon grass grows there from 10 to 15 feet high and the ground is a mass of roots, and the only way that we can break it up successfully is with the steam plow. After that, of course, the second planting will come along with carabao or mules, or whatever kind of animals we have. At the present time we have about 200 head of carabao and I am giving employment to 40 Filipinos.

Mr. RUCKER. Can not the second plowing be done by the steam traction engines as well?

Mr. POOLE. Not after the cane is planted. Of course, the second plowing could be done by the steam plows, but that would make it necessary, of course, to stop my planting. I want to get in as much as possible. You can readily understand that land lying as this has for years and never having been plowed should have at least six months' exposure to the sun and then be plowed under again; but time does not permit me to do that, so I am simply planting after the first plowing and harrowing.

Mr. RUCKER. What fuel do you use in the engines?

Mr. POOLE. Coal.

Mr. PARSONS. How many skilled men will you need in connection with the mill and the work on the estate?

Mr. POOLE. I would say in the neighborhood of 30, I judge, in all the different departments.

Mr. PARSONS. Those will all be Caucasians?

Mr. POOLE. Not necessarily. A good many will be Filipinos. I have several Filipinos down there in responsible positions at the present time.

Mr. PARSONS. In what positions?

Mr. POOLE. As machine men in charge of the machine shop, also locomotive engineers, drivers of engines, timekeepers, and hospital stewards. I would term them as skilled labor.

Mr. PARSONS. Do the Filipinos take well to machinery?

Mr. POOLE. Yes; that has been my experience so far. Of course you have to pick the Filipino, not the rank and file of them, but those I have there make intelligent machinists.

Mr. PARSONS. How do the Filipinos generally that you have turn out as laborers; are they satisfactory?

Mr. POOLE. They are and they are not. Of course you must understand that the Filipinos for years have had no need of work, and they are natives of a tropical country, and it would be impossible and foolish to expect that you could get the same rate of work from them as

from other labor, such as Chinese, or Japanese, or negroes of the South, or the Caucasian labor of the European countries and of our own country.

Mr. DOUGLAS. How do they compare with the ordinary labor in Cuba?

Mr. POOLE. Of course, from my experience, I would prefer the Cuban labor. You must remember that this is the only modern plantation that has gone into the islands or modern company that is doing anything in that way, and naturally the Filipino hacendados are not doing anything in a modern way and they have to be directed in the modern methods.

Mr. GRAHAM. And as soon as they accumulate a little money they want a rest?

Mr. POOLE. Yes, sir; that is very true; but still I have people there who have worked very steadily for me ever since I have been down there.

Mr. GRAHAM. And they have a number of religious feast days, as they do in Mexico?

Mr. POOLE. Yes, sir; very much the same.

Mr. GRAHAM. That is the great trouble in Mexico, to keep labor at work during the feast days.

Mr. PARSONS. Where do the laborers live?

Mr. POOLE. In houses constructed by us; that is, by the carpenters.

Mr. DOUGLAS. In addition to the wages, you furnish them with houses?

Mr. POOLE. Yes, sir; and medical attendance, and when sick they are taken to the hospital.

Mr. PARSONS. Have these houses all been erected by the development company?

Mr. POOLE. Yes, sir.

Mr. RUCKER. Have you any ex-convict laborers?

Mr. POOLE. There are a few there that came from Bilibid and also some from the penal colony 500 miles south.

Mr. RUCKER. Have you not discovered the fact that the ex-convict labor is better than the other labor?

Mr. POOLE. I can not say from experience. I have some, but I do not know them personally. However, it is a recognized fact that after they have come out of Bilibid, which is the penitentiary at Manila, where they are compelled to learn a trade, blacksmith, to do work, wagon work, and different trades, they naturally make better citizens.

Mr. RUCKER. Is it not true that they can get employment quicker than any other natives?

Mr. POOLE. Possibly in their immediate line of work; yes, sir.

Mr. PARSONS. Where did you get this labor, from what islands, from Mindoro and Negros?

Mr. POOLE. We get some locally from Mindoro and we also get them from Panay and the Islands of Iloilo, Cebu, and Luzon.

Mr. PARSONS. Do they live in barracks or do they come with their families?

Mr. POOLE. Some of them come with their families and some are single, young boys, 18 or 20 years of age. Those, of course, live in barracks. The married families, as much as possible, we give them separate houses.

Mr. PARSONS. How many families have you there now?

Mr. POOLE. In the neighborhood of 50 or 75 families.

Mr. PARSONS. What have you erected there? You may have answered that question before. Have you a school there?

Mr. POOLE. Not at the present time, but as soon as we have the proper number of children the Government is going to put up a school-house and will send down a teacher.

Mr. JONES. You said, Mr. Poole, that the maximum wage paid the Filipino laborer was——

Mr. POOLE. Eighty centavos.

Mr. JONES. Eighty centavos?

Mr. POOLE. Yes, sir.

Mr. JONES. What is the average wage paid?

Mr. POOLE. That would require a little arithmetical calculation.

Mr. JONES. Oh, well, about what?

Mr. POOLE. I would say, all in all, about 90 cents.

Mr. DOUGLAS. Ninety centavos?

Mr. POOLE. Yes.

Mr. JONES. You said the maximum was 80 centavos. How could the average be 90 centavos if the maximum was 80 centavos?

Mr. POOLE. That would require a little mathematical calculation, as I say.

Mr. JONES. It would not require any mathematical calculation to show that the average could not be 90 cents if the maximum was 80 cents.

Mr. POOLE. We will put it another way. I mean the maximum wage for farm labor.

Mr. JONES. I am asking about Filipino farm labor.

Mr. RUCKER of Colorado. He did not understand the question.

Mr. POOLE. You asked me the maximum price of farm labor. I said 80 centavos. Some other gentleman asked me what I was paying mechanics. I am paying from a peso and a half a day to 6 pesos a day.

Mr. JONES. My question was confined to the agricultural laborers, the Filipinos. I understood you to say that the maximum sum paid was 80 centavos.

Mr. POOLE. Yes, 80 centavos; and I am employing some boys and paying them in proportion. Some boys I am paying 20 cents a day.

The CHAIRMAN. Just put it in the record; how much is a centavo?

Mr. POOLE. A half a cent, gold.

The CHAIRMAN. How many centavos make a peso, 100?

Mr. POOLE. A peso would be 100 centavos.

The CHAIRMAN. What did you say you were paying those boys?

Mr. POOLE. I am paying some of those boys 20 centavos, and other I am paying 50 centavos. Two or three women there I am paying 40 centavos a day, and some men I am paying 50 centavos a day. Those are old and decrepit men. The average of that, I presume, would bring the total average down to 55 or 60 centavos a day.

The CHAIRMAN. If I may interrupt, how do those wages paid by you for agricultural labor compare with the wages paid throughout the islands generally for such labor?

Mr. POOLE. I would say that they exceeded by about 40 per cent the payments of other plantations—other hacienderos. But there are a great many other things that go with that which the hacienderos,

or rather sugar plantations, do not have. I have a medical corps on the place, and they all receive medical treatment free, it does not matter what the disease is.

The CHAIRMAN. Free?

Mr. POOLE. Yes; free. If they are hurt while on duty, their pay goes on during the time of their being incapacitated. As yet I have not had any that we have really had to—on some plantations it is necessary to have a charity account. If a man breaks his leg or happens to be run over by a railroad train, he is given a watchman's position, and his pay goes on until he dies.

The CHAIRMAN. I did not understand whether the 40 cents a day you pay to those boys was higher than the wages paid by others, or whether it was lower than the wages paid by others?

Mr. POOLE. The wages we pay are 40 per cent higher—I would say 40 per cent; it might be a little more or a little less. But on the other hand, they have greater accommodations with me than on the other plantations that pay less than I do, so that really, with the accommodations they have, you may easily say their lot there is fully 75 per cent better than on a native-conducted plantation.

Mr. GARRETT. Mr. Poole, I understood you in the earlier part of your examination to state that in conversation with Capt. Sleeper, on October 12—

Mr. POOLE. October 11, I think.

Mr. GARRETT. October 11?

Mr. POOLE. Yes.

Mr. GARRETT. The morning after your arrival?

Mr. POOLE. October 11; yes, sir.

Mr. GARRETT. That the San Jose estate was mentioned, and that you had heard of it before?

Mr. POOLE. Yes, I had heard of it on the way over there, on the steamer.

Mr. GARRETT. Was that the first you had heard of it?

Mr. POOLE. I do not recall that I heard of it here in America.

Mr. GARRETT. You did not go there for the purpose of examining that estate?

Mr. POOLE. No, sir. Of course when I went there and examined the other property, I had in mind then to go down and examine that; but on my trip over there, my recollection is that the first I heard of the San Jose estate was from Judge Smith, of Manila, in regard to the vast territory in the southern portion of Mindoro that was entirely uninhabited.

Mr. GARRETT. Your primary intention was, or your original intention was, to inspect some private lands?

Mr. POOLE. To inspect private land in Mindoro, and if that was not satisfactory, I would then go to Iloilo, or whatever province after examination I could find the land most adaptable to that pursuit in.

Mr. GARRETT. Now, it being your intention to inspect private lands, why did you call at the office of the director of public and friar lands?

Mr. POOLE. I had a letter of introduction, as I think I stated to the chairman, to Mr. Wilson, who is the assistant of Capt. Sleeper. I presented that, and, naturally, anyone going into a new country looking for land wants to get in touch with the land bureau or some one conversant with land.

Mr. GARRETT. With the land situation generally?

Mr. POOLE. Certainly.

Mr. GARRETT. Now, immediately after you had examined this ~~estate~~ you reported to Mr. Welch, did you, that it would be necessary in order to build a road to acquire a right of way over certain public lands off of the San Jose estate?

Mr. POOLE. I could not say just exactly how my cable was worded, but very likely it conveyed that impression.

Mr. GARRETT. Do you know whether it was following that suggestion—

The CHAIRMAN. May I interrupt right there? You spoke about a cable, and Mr. Jones spoke about a cable.

Mr. de Gersdorff hands me a letter addressed to him by Mr. Welch, and also by Mr. Welch to the Mindoro Development Co. last June, and in one of these letters appears a cablegram of December 30 which you might like to have. If there is no objection, I will put those letters in the record. The cablegram of December 30 reads thus:

California colonia companies, whose charter you now have, should acquire public land between San Jose and Mangarin, factory company getting right of way for the railroad from them.

Mr. GARRETT. What is the date of that, Mr. Chairman?

The CHAIRMAN. That is December 30. I suppose it is 1909.

Mr. JONES. Is that the cablegram which you referred to, Mr. Poole?

Mr. POOLE. Yes. It is 1909, if my statement be taken.

The CHAIRMAN. Put that in.

Mr. GARRETT. That which you have just read was a cable from Mr. Welch?

The CHAIRMAN. Yes.

Mr. JONES. I would like to see the letters, if you propose to put them in. Nothing has been said about the letters in the testimony. If you propose to insert in the record the letters at this point, I would like to look at them. The cable and the letters are two different things.

Mr. GARRETT. What I am trying to get at, Mr. Poole, is whether it was following your suggestion as to the necessity of acquiring those lands that those three companies in California were organized?

Mr. POOLE. No; it was not, for the simple reason that I could have had the railroad put in there and a right of way condemned. The right of eminent domain, I believe, is the technical term to use.

Mr. GARRETT. They were not, then, organized primarily for that purpose?

Mr. POOLE. No, sir.

Mr. GARRETT. I believe that is all.

The CHAIRMAN. It is my suggestion that those letters go in, including those cablegrams and telegrams.

Mr. DEGERSDORFF. I did not ask that they go in, Mr. Chairman.

The CHAIRMAN. Has anybody else any questions he wants to ask?

Mr. DOUGLAS. Is it the intention for the committee to proceed after 12 o'clock?

The CHAIRMAN. I would like to finish with this witness, if we can. The agricultural appropriation bill is coming up first thing, I understand, and there will be some debate before any vote is taken.

Mr. MARTIN. I would like permission to examine the witness before he is dispensed with, and I do not think I could do it properly in 15 minutes.

The CHAIRMAN. Have you any idea about how long you are going to take, so that we can arrange our plans?

Mr. MARTIN. I think it will take an hour.

Mr. MADISON. In view of the additional questions that that might call out, we had better figure on two hours, had we not?

The CHAIRMAN. Well, yes. What is the sense of the committee? I think we ought to finish with this witness to-day, if we can.

Mr. JONES. Mr. Chairman, before we take up that matter, let me say that I will have to object to putting these letters in the record unless it is also proposed to recall Mr. Welch.

(Informal discussion between the members of the committee ensued.)

The CHAIRMAN. You spoke of Mr. Spreckels. Is he an officer of the American Sugar Refining Co., do you know?

Mr. POOLE. No, sir; he is dead; at the present time. I do not think he ever was an officer.

The CHAIRMAN. Was he connected with the American Sugar Refining Co.?

Mr. POOLE. That I could not say.

The CHAIRMAN. What is your understanding of that?

Mr. POOLE. My understanding is that he was not, and never was an officer of the American Sugar Refinery. He was an officer of the great California refinery.

The CHAIRMAN. At the time you received that cable which has been put in evidence, state whether or not you had received instructions from the California companies as to the purchase or acquisition of public lands?

Mr. POOLE. That would be a question of looking at dates, but I would say—that is December 30?

The CHAIRMAN. Yes.

Mr. POOLE. I had received instructions, or a letter, from Mr. Senff and Mr. Humphrey, of San Francisco, which I turned over to Mr. Bruce.

The CHAIRMAN. That is all I want to ask.

Mr. RUCKER of Colorado. Shall we go on now, or take a recess?

The CHAIRMAN. Yes, go right on.

Mr. RUCKER of Colorado. Mr. Martin wants to question the witness.

The CHAIRMAN. Proceed, Mr. Martin.

Mr. MARTIN. Mr. Poole, at the time you started for the Philippines, you were in Cuba?

Mr. POOLE. Yes.

Mr. MARTIN. And you had been down there on Mr. Welch's Cuban proposition?

Mr. POOLE. Mr. Welch is a one-fourth owner in the Cape Cruz proposition; yes, sir.

Mr. MARTIN. When did you arrive in New York?

Mr. POOLE. Do you want the exact date?

Mr. MARTIN. Yes; just as exact as you can give it.

Mr. POOLE. I left Cuba the 29th of August and arrived in Habana on the 30th. I left that same day, and it took me three days. It was September 3 I arrived in New York.

Mr. MARTIN. Whom did you first meet there?

Mr. POOLE. In what way?

Mr. MARTIN. Whom, connected with this Philippine transaction, did you first meet?

Mr. POOLE. Mr. Welch.

Mr. MARTIN. Mr. Welch?

Mr. POOLE. Yes.

Mr. MARTIN. Did you meet him on the 3rd?

Mr. POOLE. Yes; called at his office.

Mr. MARTIN. Called at his office?

Mr. POOLE. About a half an hour after disembarking, and arranging for our baggage, Mr. Prentiss and I called at his office, No. 138 Front Street.

Mr. MARTIN. Was anybody else present at that meeting except Mr. Welch?

Mr. POOLE. No, sir.

Mr. MARTIN. How long did that meeting last?

Mr. POOLE. I guess a matter of 10 or 15 minutes.

Mr. MARTIN. Was this matter over there gone into then?

Mr. POOLE. There was a general conversation about it.

Mr. MARTIN. Was another meeting arranged for that day?

Mr. POOLE. No; I think we met the next day.

Mr. MARTIN. Where did you meet the next day?

Mr. POOLE. At the same office.

Mr. MARTIN. Whom did you meet the next day?

Mr. POOLE. Mr. Senff and Mr. Havemeyer, and Mr. Welch.

Mr. MARTIN. And yourself and Mr. Prentiss?

Mr. POOLE. Yes.

Mr. MARTIN. How long did that meeting last?

Mr. POOLE. The duration of a half an hour, I should judge.

Mr. MARTIN. That was on the 4th of September?

Mr. POOLE. I would say the 4th. I would not be positive, but I think it was the 4th or the 5th.

Mr. MARTIN. When and where did you have the next meeting?

Mr. POOLE. At the same office.

Mr. MARTIN. When?

Mr. POOLE. I would say about the 6th.

Mr. MARTIN. Who was at that meeting?

Mr. POOLE. Mr. Welch. The other two gentlemen were not present. In fact, it was hardly a meeting. I went up to say good-by to Mr. Welch on my way to San Francisco. Really, it could not be called a meeting.

Mr. MARTIN. Did you leave New York on the 6th?

Mr. POOLE. Yes.

Mr. MARTIN. On the 6th of September?

Mr. POOLE. On the 6th of September.

Mr. MARTIN. Now, have you named all the persons connected with this transaction who were present at any meeting or with whom you had any conversation?

Mr. POOLE. Yes.

Mr. MARTIN. You have named them all? You never met any attorneys yourself?

Mr. POOLE. Pardon me. Yes; I did meet Mr. Hammond.

Mr. MARTIN. When and where did you meet Mr. Hammond?

Mr. POOLE. I met Mr. Hammond at his office with Mr. Welch and Mr. Prentiss. I do not know, but possibly it was the same day that

we arrived. I would not be positive as to that. That is the same day we got in town.

Mr. MARTIN. How many meetings did you have with any of these gentlemen at which Mr. Hammond was present?

Mr. POOLE. Only one. That was with Mr. Welch in Mr. Hammond's office. We were there for a matter of five minutes.

Mr. MARTIN. A matter of five minutes?

Mr. POOLE. Yes.

Mr. MARTIN. Was anything said at that meeting about the friar lands in the Philippine Islands?

Mr. POOLE. Yes.

Mr. MARTIN. What was said at that meeting about the friar lands?

Mr. POOLE. Really, the quickest way to get at that, Mr. Martin, is simply to refer to Mr. Hammond's testimony, his answer to his third question.

Mr. MARTIN. By the way, when did you arrive in the United States?

Mr. POOLE. On the 3d of September.

Mr. MARTIN. No; when did you arrive in the United States at this time from the Philippines?

Mr. POOLE. You can search me; I really do not—it was on Saturday or Friday.

Mr. MARTIN. Last Friday or Saturday; Friday or Saturday of last week?

Mr. POOLE. Yes; I do not remember the exact date. In fact, we lose dates when we are on the Pacific.

Mr. MARTIN. You arrived in San Francisco on Friday or Saturday last week?

Mr. POOLE. Yes; it was Friday afternoon, at 2 o'clock; and I left for New York on Sunday afternoon—Sunday evening.

Mr. MARTIN. And when did you get to New York?

Mr. POOLE. I got there yesterday afternoon, or yesterday morning, at 10.40.

Mr. MARTIN. Where did you go over this testimony so carefully that you can remember that the answer to Mr. Hammond's third question will disclose the fact of what was said at that meeting?

Mr. POOLE. I have been talking with Mr. De Gersdorff, and I have been reading some of the testimony. In fact, I went to bed at half-past 3 this morning after reading all the testimony—Mr. Worcester's and Capt. Sleeper's and all the rest.

Mr. MARTIN. Do you not know that Mr. Hammond denied that he had any conversation about the friar lands?

Mr. POOLE. I would refer to the third question asked Mr. Hammond, and if you will kindly read that I think you will see——

Mr. MARTIN. I will just turn to that, if we can find it quickly. It is in part 12 of the testimony, page 737. It is as follows:

The CHAIRMAN. Will you state, Mr. Hammond, whether you have had any connection with the purchase of what is known as the San Jose estate on the island of Mindoro in the Philippines?

Mr. HAMMOND. I had no direct connection with the purchase of that estate. I have learned from the newspapers that the estate was purchased by some gentlemen who were clients of mine at one time. I made a preliminary investigation in regard to the laws relating to Philippine lands, in connection with public lands and the right of corporations to do business in the Philippines, and I came to the conclusion

that, by reason of the fact that I am a member of the firm of Strong & Cadwalader, of which Mr. Henry W. Taft, brother of the President of the United States, is also a member, it would be inadvisable for me to act for these gentlemen in connection with their proposed purchase of either public lands or friar lands or lands in the Philippines to which the title was defective.

Mr. POOLE. That is what I referred to; that last sentence.

Mr. MARTIN. Now, there is nothing in this answer about what occurred at this meeting at which you and Mr. Hammond were present..

Mr. POOLE. As I say, that probably did occur, Mr. Martin.

Mr. MARTIN. I want to know, as nearly as you can remember, what Mr. Hammond said about either the San Jose estate or the friar lands or the land limitations——

Mr. POOLE. There was nothing further said——

Mr. MARTIN (continuing). In the Philippines?

Mr. POOLE. Yes; there was nothing further said by Mr. Hammond, except what he says, which you read in that last paragraph. Our stay was so very short in his office that he could not have said any more. There was some little social conversation in regard to our trip up here from Cuba.

Mr. MARTIN. Did he mention the San Jose estate?

Mr. POOLE. No, sir.

Mr. MARTIN. Did he say that he had been to the Bureau of Insular Affairs in Washington?

Mr. POOLE. I do not recollect him saying that.

Mr. MARTIN. And made inquiry with reference to the purchase of this estate, whether it could be purchased?

Mr. POOLE. I do not remember. Maybe he did, but I do not remember.

Mr. MARTIN. Now, to make your recollection more accurate, Mr. Hammond was here in Washington on the 3d of September, so that you probably did not see him on that day, but probably did see him on a later day than the 3d.

Mr. POOLE. Well, I do not know; but, as I say, it is possible that I saw him the first day that I arrived. That was the 3d. It may have been the 4th. You can readily understand that a man traveling 14,000 or 15,000 miles, engaging in a pursuit there, is not going to remember dates.

Mr. MARTIN. But did you discuss the matter of the friar lands in the Philippines?

Mr. POOLE. With Mr. Hammond?

Mr. MARTIN. Yes.

Mr. POOLE. No, sir; I did not.

Mr. MARTIN. Did he say that they could not be purchased in large quantities; that there were limitations of law which prevented their purchase?

Mr. POOLE. To my recollection there was nothing said in regard to it.

Mr. MARTIN. You know, however, do you not, that both Capt. Sleeper and Mr. Worcester have sent telegrams, or written letters, or both, to the effect that when you arrived in Manila you stated that you had been advised by your attorneys that the friar lands could not be purchased in large quantities because of the limitations of law?

Mr. POOLE. I might have heard that from Mr. Welch, but I do not remember hearing Mr. Hammond discuss it.

Mr. MARTIN. Do you remember Mr. Welch discussing it?

Mr. POOLE. There was some discussion in regard to the limitations. In fact, during the meeting with Mr. Welch, Mr. Havemeyer and Mr. Senff, there was some discussion in regard to it, but just what it was I would not be positive now, as to the full amount of the conversation.

Mr. MARTIN. But did you tell the insular officials at Manila that you had been advised by your attorneys that the friar lands could not be purchased?

Mr. POOLE. I might have used that word; but as to being advised by Mr. Hammond, I was not. Simply, I received that communication from Mr. Welch, that there was some cloud on the titles, or that there was some doubt as to the Philippine Government being able to sell land in the Philippine Islands above a certain amount.

Mr. MARTIN. Can you state, with any accuracy, what was said about that by Mr. Welch, and whom he stated he got his information from?

Mr. POOLE. Very likely he stated he got his information from Mr. Hammond and that we would have to go out there and investigate and see for ourselves what the legal status was.

Mr. MARTIN. Now, did you meet Mr. J. Montgomery Strong?

Mr. POOLE. Yes.

Mr. MARTIN. Where did you meet him?

Mr. POOLE. I met him in Mr. Welch's residence on Long Island, I think it is.

Mr. MARTIN. He is another man who was connected with this transaction, then, that you have overlooked?

Mr. POOLE. No; he was not at any of the meetings that I was connected with at all.

Mr. MARTIN. When did you go out to Mr. Strong's residence?

Mr. POOLE. I went out Sunday, immediately following the day of my arrival; that is, not immediately following, but in that week,

Mr. MARTIN. Let us see. Did you say you arrived in New York on Friday or Saturday?

Mr. POOLE. My recollection is that it was—Monday, Tuesday, Wednesday, Thursday—I went out there Sunday morning, and had dinner with Mr. Welch and Mr. Strong, Mr. Prentiss and I.

Mr. MARTIN. Then when did you leave New York after that?

Mr. POOLE. I arrived in New York about 8 o'clock, I judge, Sunday evening. I took the train for Boston at 12, and went to Boston and Lynn and spent Monday, which was Labor Day. I remember that very well, because there were no stores open in Boston. I returned to New York Monday night. I got in Tuesday morning at 6 o'clock.

The CHAIRMAN. What year was that?

Mr. POOLE. 1909.

Mr. MARTIN. Now, when you were out there at Mr. Strong's, you discussed the friar lands with him, did you not; the limitations, and so forth?

Mr. POOLE. No, sir; as I remember, there was nothing said in regard to the friar lands at that meeting. I only saw him for a very few minutes. I suppose my conversation with Mr. Strong was not over 15 or 20 minutes in duration.

Mr. MARTIN. Did he tell you that not more than 2,500 acres of either public land or friar land could be purchased?

Mr. POOLE. If he did, I do not remember it.

Mr. MARTIN. In one lot?

Mr. POOLE. I do not think he did. He was busy speaking of the social and climatic conditions he encountered in the island of Negros, and other than the fact that he had seen the two pieces of land, the Kiki and Eduardo, which were private lands, there was no mention made of other lands; with the exception, of course, I may say, of some of the hacienderos he visited in Iloilo or the island of Negros.

Mr. MARTIN. Did he not mention the San Jose estate to you?

Mr. POOLE. To my recollection, he did not.

Mr. MARTIN. Or the Isabelita?

Mr. POOLE. No, sir.

Mr. MARTIN. Or the Imus?

Mr. POOLE. The Imus; no, sir.

Mr. MARTIN. Or any of the others?

Mr. POOLE. No, sir. He did mention about being marooned at Calapan, waiting for his steamer. I remember that was in the conversation.

Mr. MARTIN. Did he caution you to keep your mission to the Philippines quiet, and not give it publicity?

Mr. POOLE. No, sir.

Mr. MARTIN. Now, Mr. Strong gave you a letter to Gov. Van Schaick of the providence of Mindoro?

Mr. POOLE. Yes.

Mr. MARTIN. You delivered that letter to him, did you?

Mr. POOLE. No, sir; I delivered it to his wife.

Mr. MARTIN. It appears in House Document No. 1071, Sixty-first Congress, third session, which was referred to the Committee on Insular Affairs on December 5, 1910, on page 90, and it contains this statement:

This matter of the land laws has been gone into very carefully and the only possible way in which more than 2,500 acres can be acquired is by the purchase of privately owned lands.

You say he did not say anything to you about——

Mr. POOLE. Mr. Strong?

Mr. MARTIN. Mr. J. Montgomery Strong.

Mr. POOLE. He might; but as I say, I have no recollection about it. Mr. Welch and I had some conversation, which I told you about.

Mr. MARTIN. There also appears in this letter the following statement:

Nearly all the land in the Philippine Islands is public land, and the land laws are so framed that the acquisition of a suitable amount of public land for a sugar plantation is impossible. The friar lands are restricted in the same manner.

But still you say that he did not acquaint you with these matters in this letter?

Mr. POOLE. I do not say that he did not, but I say I have no recollection, positively, that he did. I knew of the limitations, however, from Mr. Welch.

Mr. MARTIN. It also contains this statement:

If this matter is given publicity it may result in the whole thing falling through, so for the present it would be advisable to keep it as quiet as possible.

Mr. POOLE. Naturally, yes. In anything like that you would not care to go out and tell anybody you were going to buy 4,000 or 5,000 acres of land, with a possible competitor, would you?

Mr. MARTIN. Did you have any conversation with Gov. Van Schaick about that letter?

Mr. POOLE. No, sir; I did not see Gov. Van Schaick for possibly two weeks after he got the letter.

Mr. MARTIN. He was not present, then, at all, when the letter was delivered?

Mr. POOLE. No, sir.

Mr. MARTIN. And you never saw it received by him or opened and read by him?

Mr. POOLE. I could not say positively that it was, though he told me that he received the letter.

Mr. MARTIN. Did you ever see that letter yourself?

Mr. POOLE. I do not believe I read it, other than the address; I simply handed it to Mrs. Van Schaick, asking her to deliver it to the governor when she arrived in Calapan.

Mr. MARTIN. Was the letter sealed when it was received by you from Mr. Strong?

Mr. POOLE. No, sir; I do not believe it was.

Mr. MARTIN. Did you take that letter from Mr. Strong, unsealed, and keep it in your possession until you delivered it to Gov. Van Schaick, without reading it and knowing its contents?

Mr. POOLE. I might have seen or read it, but I do not remember its contents. It was an introductory letter. According to my recollection both that letter and the letter of Mr. Strong to Mr. Wilson were put in a large wallet that I had, and that I am quite sure that I never opened during the entire voyage.

Mr. MARTIN. I will say that that letter is dated Little Falls, N. J., September 7, 1909. That would be the day, then, on which you started?

Mr. POOLE. I would not say, because he might have written it a day or two prior to my leaving.

Mr. MARTIN. Mr. Strong did not tell you, then, that he had been offered these estates for sale?

Mr. POOLE. What estates are they?

Mr. MARTIN. The San Jose estate, the Isabela, and the Imus. He did not tell you that he had been offered those estates when he was over in the Philippines?

Mr. POOLE. No, sir; he did not.

Mr. MARTIN. When you called at the bureau of lands whom did you first see, Capt. Sleeper?

Mr. POOLE. Mr. Wilson, his assistant.

Mr. MARTIN. That was the gentleman you had the letter of introduction to?

Mr. POOLE. Yes.

Mr. MARTIN. Then you afterwards saw Capt. Sleeper?

Mr. POOLE. I afterwards saw Capt. Sleeper; yes.

Mr. MARTIN. Do you remember the substance of that conversation?

Mr. POOLE. With——

Mr. MARTIN. Capt. Sleeper?

Mr. POOLE. With Capt. Sleeper?

Mr. MARTIN. Yes.

Mr. POOLE. I have already spoken of it here. I could not recall it word for word, possibly, but you can read it.

Mr. MARTIN. Did you tell him you had called there having in mind the purchase of the Eduardo and Kiki tracts?

Mr. POOLE. Yes; there was conversation with regard to those properties.

Mr. MARTIN. Do you remember Capt. Sleeper telling you, or saying, that he only knew of 2,500 acres of privately owned land?

Mr. POOLE. Pardon me; what was that?

Mr. MARTIN. I say, do you remember Capt. Sleeper saying anything about knowing of only 2,500 acres of privately owned lands south of the San Jose estate?

Mr. POOLE. I have not any recollection of his saying that; no.

Mr. MARTIN. Was it at your first meeting with Capt. Sleeper that he mentioned to you the San Jose estate?

Mr. POOLE. Yes.

Mr. MARTIN. And you say prior to that time you had never heard of the San Jose estate except through a chance conversation with a man named Smith, on the steamer?

Mr. POOLE. I would not call it a chance conversation. It was a conversation extending over 10 or 15 minutes, relating to the condition of the islands and the condition of the lands; and that is the first time that I heard, to the best of my recollection, of the San Jose estate. I do not remember ever hearing the San Jose estate mentioned, other than on the steamer.

Mr. MARTIN. When did you get down to the San Jose?

Mr. POOLE. Do you want the exact date?

Mr. MARTIN. Yes; as near as you can remember.

Mr. POOLE. I would say it was on or about the 21st or 24th of October. It was between those two dates.

Mr. MARTIN. That you went down to look the thing over?

Mr. POOLE. I could find out positively by getting the sailing day of the steamer *Negros*.

Mr. MARTIN. When did you return?

Mr. POOLE. I returned on the night of the 12th.

Mr. MARTIN. Of November?

Mr. POOLE. Yes, of November.

Mr. MARTIN. But before going had you not already made, virtually, tentative arrangements to buy the estate?

Mr. POOLE. No, sir; I had not.

Mr. MARTIN. Did you know that the insular officials had both cabled and written to the Insular Bureau in Washington that you wanted to buy it?

Mr. POOLE. No, I could not say that I did. Of course in the conversation there, when we were speaking about the Kiki lands, I told Capt. Sleeper that if they were not satisfactory I would take a look at the San Jose estate, but that I would not say there would be any arrangement about making any sales.

Mr. MARTIN. Now, you went out there having in mind the proposition of about 25,000 acres of privately owned lands, did you not?

Mr. POOLE. I would not confine myself to any acreage that was necessary. I went out there with the proposition of acquiring some lands suitable for a sugar plantation.

Mr. MARTIN. Did you know of the agreement between Mr. Have-meyer and Mr. Senff and Mr. Welch whereby they had pooled their interests to buy about 25,000 acres of land?

Mr. POOLE. No, sir; I did not.

Mr. MARTIN. Was there any amount, any quantity, any maximum suggested to you by these gentlemen in New York that you should negotiate for?

Mr. POOLE. There was really nothing stated by either of the other two gentlemen. Mr. Welch, in saying good-by, said, "Well, go out there and look around and do the best you can." Those were my instructions.

Mr. MARTIN. There was nothing whatever said about the amount?

Mr. POOLE. No, sir; that was left simply to my judgment.

Mr. MARTIN. There was nothing said about the proposition that while the public lands would cost \$2, could be gotten for \$2, per acre, these friar estates would cost \$6, \$7, and \$8, and on up, per acre?

Mr. POOLE. No; the idea was to go out there, as I say, and look at this private land. At that time, to my recollection, we had no idea of any Government land, although of course we knew of the restriction. Mr. Welch had spoken about the restriction of 2,500 acres.

Mr. MARTIN. What, if any, understanding did you have in New York as to whose name the purchase would be made in?

Mr. POOLE. That I do not know. I do not remember now whether there was any understanding at all. As I say, Mr. Welch said, "Well, go out there and do the best you can to get a suitable piece." Naturally the presumption was that I would buy it in my name, which I did.

Mr. MARTIN. Now, you got there about the 11th or 12th of October.

Mr. POOLE. I got there the 11th of October, Sunday afternoon.

Mr. MARTIN. And the first sales certificate was executed on the 23d of November following; and that did not leave you any time, did it, for any correspondence by mail with New York parties?

Mr. POOLE. It left time for correspondence, but it left me no time to receive any reply to it.

Mr. MARTIN. So that any exchanges that you had with New York parties between the time you arrived there and the execution of the first sales certificate would necessarily have been by cable?

Mr. POOLE. I had my verbal instructions from Mr. Welch.

Mr. MARTIN. Did you cable Mr. Welch about the San Jose estate?

Mr. POOLE. Prior to my going to the San Jose?

Mr. MARTIN. Did you cable him between the time you arrived in Manila and the execution of the sales certificate?

Mr. POOLE. I might have, but I do not remember the exact wording of the cable. It is a very easy matter to find my cables, though.

Mr. MARTIN. Have you copies of all the cables that you sent Mr. Welch or any other person connected with this transaction?

Mr. POOLE. Yes.

Mr. MARTIN. And have you the answers you received?

Mr. POOLE. Yes.

Mr. MARTIN. These matters have been rather vaguely mentioned in the examination of Mr. Welch and Mr. de Gersdorff and Mr. Hammond, or inquired about. I would be glad to have you produce copies of all cablegrams that you have sent Mr. Welch or any other

person connected with the San Jose estate or the Mindoro Co., and also their replies.

Mr. POOLE. Well, do you wish those that are in my possession?

Mr. MARTIN. Yes.

Mr. POOLE. I would have to go to Mindoro to get them.

Mr. MARTIN. You left them over there?

Mr. POOLE. Certainly, sir; yes. They are in my office in Mindoro.

Mr. MARTIN. How many cablegrams did you send to this country about the San Jose purchase?

Mr. POOLE. I could not say positively, but I presume in the neighborhood of a dozen or possible two dozen.

Mr. MARTIN. And you received replies to all of them?

Mr. POOLE. Not to all of them; no, sir. Neither did I send replies to all of the cables I received.

Mr. MARTIN. But you have not any copies of those you sent, and you have not the originals of those you received?

Mr. POOLE. No, sir.

Mr. MARTIN. Have you copies of the letters that you wrote to the United States about the San Jose and the Mindoro Co.?

Mr. POOLE. Yes.

Mr. MARTIN. You have copies of all those letters?

Mr. POOLE. Yes.

Mr. MARTIN. With you?

Mr. POOLE. No, sir.

Mr. MARTIN. And any answers you may have received, they are all over there?

Mr. POOLE. Yes.

Mr. MARTIN. When did you first hear of the Mindoro Development Co.?

Mr. POOLE. I would say about the first of the year of 1910. It might have been later than that. I could not say the exact date, but the order for the incorporation is here. It is very easy to get the exact date.

Mr. MARTIN. Yes; and you received no instructions about that company while you were in New York?

Mr. POOLE. No, sir.

Mr. MARTIN. So that whatever instructions you received about that company were by mail or cable, or by both?

Mr. POOLE. I would say by mail.

Mr. MARTIN. Yes.

Mr. POOLE. I do not recollect of ever receiving any cable in regard to the company.

Mr. MARTIN. But you have not anything with you in the way of correspondence?

Mr. POOLE. No, sir.

Mr. MARTIN. About the Mindoro Development Co.?

Mr. POOLE. Nothing whatever.

Mr. MARTIN. Do you remember when you applied for a charter for that company in the Philippines—applied for a license to do business there?

Mr. POOLE. I will say that was along in February. I am not positive as to the exact date.

The CHAIRMAN. What year?

Mr. POOLE. 1910, sir.

Mr. MARTIN. How much funds did you have in the bank over there to carry on your business?

Mr. POOLE. I had a private fund in my own name.

Mr. MARTIN. What did you expend out of that fund?

Mr. POOLE. Well, now, that is a pretty broad question, Mr. Martin.

Mr. MARTIN. Did you expend for the Mindoro Co. out of that fund?

Mr. POOLE. Yes; and my own private expenses.

Mr. MARTIN. Did you expend for the San Jose estate out of that fund?

Mr. POOLE. Yes.

Mr. MARTIN. Did you expend for the California companies out of that fund?

Mr. POOLE. No, sir; that was received from California, by cable, to my credit.

Mr. MARTIN. To your credit?

Mr. POOLE. Yes.

Mr. MARTIN. Well, what did you do with it? Did you deposit that in a separate fund? You had to make expenditures from time to time on behalf of these companies?

Mr. POOLE. I had two accounts there in the bank. One was the money for what we speak of as the California companies, and one for the San Jose.

Mr. MARTIN. But you only had one fund or one account?

Mr. POOLE. There were two or three running accounts; my own personal account, the different colonial accounts, and the San Jose account, under my own name, and with the segregations and charges of credits made on the different books kept by my bookkeeper.

Mr. MARTIN. How many different sets of bank books did you have for the San Jose estate and Mindoro Co.?

Mr. POOLE. Really, Mr. Martin, not being a banker, I could not say. I left that entirely with Mr. Prentiss; but I assume they had the requisite amount of bank books and bank balances.

Mr. MARTIN. But is it not a fact that there was only one fund there to be checked against for expenditures on account of the San Jose estate and on account of the Mindoro Development Co.; is not that a fact?

Mr. POOLE. No; I would not say it was.

Mr. MARTIN. Just one common fund?

Mr. POOLE. When the Mindoro Development Co. was formed there was money credited to the Mindoro Development Co., on which I had a power of attorney to draw, and Mr. Prentiss as well. I gave him the same power of attorney.

Mr. MARTIN. Have you any documentary evidence whatever to show how your deposits were made and checked against over there?

Mr. POOLE. I think I mentioned it to Mr. Jones. I could not recall just what I said. I will try to recall it, if you desire it.

Mr. MARTIN. Let me recall. When did you say you first learned of the Mindoro Co.?

Mr. POOLE. Did I say on or about the first of the year, or in December? It is right in there. I do not remember just the exact date.

Mr. MARTIN. I wish the stenographer would turn back and see what that date was.

(The stenographer read from the preceding testimony as follows:)

Mr. MARTIN. When did you first hear of the Mindoro Development Co.?

Mr. POOLE. I would say about the first of the year of 1910. It may have been later than that. I could not say the exact date.

Mr. MARTIN. Capt. Sleeper has testified that he first heard of it between the 6th and the 10th of December.

Mr. POOLE. Possibly he did. I do not remember the exact date.

Mr. MARTIN. What did you tell him about that company at that time?

Mr. POOLE. I have no recollection of saying anything to Capt. Sleeper about it. It would not really be necessary for me to say anything to him. Later on, however, I did speak to him about the 42 hectares of land for the batey site, or the mill and surrounding grounds.

Mr. MARTIN. Have you ever examined sales certificate No. 1?

Mr. POOLE. I may have read it casually. I could not say the exact wording now, but we can look that up and see.

Mr. MARTIN. Did you examine certificates Nos. 2 and 3 that were issued in the place of No. 1 when it was canceled?

Mr. POOLE. I examined those in the same way. I turned those over to Mr. Bruce, and he attended to all the technicalities and details of the transaction.

Mr. MARTIN. Did Mr. Bruce say anything to you about having a proviso inserted in the second and third certificates issued in place of the first, that the conveyance of the land would be made to you or your corporate or individual nominees?

Mr. POOLE. I believe there was some conversation in regard to that. I have had so many conversations with Mr. Bruce that I could not recall them all.

Mr. MARTIN. Do you remember anything specific in regard to that proposition?

Mr. POOLE. Why, our conversation in regard to a deed of trust or a declaration of trust.

Mr. MARTIN. The declaration of trust came later, however?

Mr. POOLE. I do not remember the exact date.

Mr. MARTIN. I refer to the final sales certificates which were executed on the 4th of January, which contained the proviso that I have mentioned.

Mr. POOLE. I really could not recall all the conversation that I had with Mr. Bruce, Mr. Martin.

Mr. MARTIN. Now, you did not know anything about the Mindoro Co. when the first certificate was issued on the 23d of November?

Mr. POOLE. No, sir; I did not.

Mr. MARTIN. And that certificate did not contain that proviso. Now, those issued after you learned of this company did contain it. What conversation did you have with Mr. Bruce about that matter?

Mr. POOLE. I really could not remember now. That is a long time ago.

Mr. MARTIN. Do you remember whether Mr. Bruce stated to you that in view of the fact that a company had been organized these subsequent certificates should contain that proviso, or did you make any such suggestion to him?

Mr. POOLE. No, sir; I left all the technical details of legalities entirely to Mr. Bruce, and whatever he did or whatever I did was merely on his recommendation as the attorney.

Mr. MARTIN. How does it come that you delayed the execution of the declaration of trust so long?

Mr. POOLE. I do not think I did delay it.

Mr. MARTIN. The date on the instrument as it appears here in the hearings is March 9.

Mr. POOLE. The declaration of trust?

Mr. MARTIN. Yes; which was over two months.

Mr. POOLE. After the purchase?

Mr. MARTIN. Yes.

Mr. POOLE. It is my recollection that it was a couple of days after that. I remember we spoke of it, and it might be after I had spoken of it. I went down to Mindoro, and I was down there very likely two months or six weeks, and on coming back to Manila I signed it then.

Mr. MARTIN. Did you read the declaration of trust before you signed it, and were you familiar with its contents?

Mr. POOLE. Yes.

Mr. MARTIN. Did you have anything to do with the drafting of it?

Mr. POOLE. Not other than asking Mr. Bruce to get up some form of an instrument.

Mr. MARTIN. Which shows that you did not have any interest yourself whatever in the San Jose estate; but you held it in trust for Welch and Havemeyer and Senff; and that you would convey it to their individual and corporate nominees.

Mr. POOLE. The fact that I signed that declaration of trust would show that I had no interest in the estate.

Mr. MARTIN. You know, though, do you not, that the insular officials, that Capt. Sleeper and others, have made statements to the effect that it did not appear that anybody but you had an interest in the San Jose estate?

Mr. POOLE. They might have made that statement. I do not remember at the time.

Mr. MARTIN. I will call your attention to this statement, if the committee will pardon me a moment. This statement made by Capt. Sleeper appears in House Document No. 1071, already referred to, at page 107. It is dated Baguio, May 5, 1910, and on page 107 reads as follows:

No person is known to have purchased any friar lands as agent or factor for any other person. It is said that Mr. Edward L. Poole, who purchased the San Jose estate, Mindoro, represents Mr. Welch, but purchase was made in his own name.

Mr. POOLE. It was made in my own name, yes.

Mr. MARTIN. It was made to you or your corporate or individual nominees, was it not?

The CHAIRMAN. Mr. Martin, simply in the interest of saving time, I ask you if it is necessary to go over that. We have been all over and over it again and again. We know that he was their agent. He said so and they have said so, and the papers read to him or his individual or corporate nominees.

Mr. MARTIN. I know, but the official who made the sale said that it was made to Mr. Poole, and no person was known to have purchased any of these lands as agents or factor for any other person.

Mr. POOLE. Yes; I am not telling my private business to everybody. The fact that I bought that land from the Philippine government would not mean that I told the official whom I was representing.

Mr. MARTIN. These officials did not try to find out your private business?

Mr. POOLE. No, sir.

Mr. MARTIN. You never mentioned anybody but Mr. Welch as your associate or backer?

Mr. POOLE. To my recollection, I did not even mention Mr. Welch until I had bought the property. They simply asked something in regard to it, and I made some evasive reply. I made no representation as to representing anyone.

Mr. MARTIN. So that if they did ask you, you rather covered the matter up?

Mr. POOLE. Why, put it that way if you like. It is simply a matter of business.

Mr. MARTIN. You never, at any time, mentioned Mr. Havemeyer or Mr. Senff?

Mr. POOLE. I did not; no, sir.

Mr. MARTIN. And you did not voluntarily mention Mr. Welch?

Mr. POOLE. No, sir. I may have spoken of Mr. Welch being president of the Cape Cruz Co. while I was employed there as assistant administrator, but as to my conversation in regard to that, I——

Mr. MARTIN. But you did not make that statement for the purpose of conveying the impression that he was associated with you, or that you were his agent, in this transaction?

Mr. POOLE. No, sir. As a matter of fact, everybody over there was a little put out that I did not say anything. To use a vulgar term, they said that I was a pretty d—— glum oyster; I was not telling anybody my private business.

Mr. MARTIN. The officials did not make any very strenuous efforts to pry into your private affairs, did they?

Mr. POOLE. Mr. Martin, why should they? I came over there to buy land.

Mr. MARTIN. Yes.

Mr. POOLE. They had a white elephant on their hands, and they very gladly sold it.

Mr. MARTIN. And they did not make any inquiries as to who it was being unloaded on, as long as it was being unloaded, and they were getting the money?

Mr. POOLE. Getting the money, and stopping that enormous sum of interest, eating up, every year.

Mr. MARTIN. Who negotiated for that foreshore lease you got on Mangarin Bay?

Mr. POOLE. I did, through Mr. Bruce.

Mr. MARTIN. Have you got a copy of that lease with you?

Mr. POOLE. No, sir.

Mr. MARTIN. I understand that you have the sole right to the use of that harbor there for 25 years?

Mr. POOLE. No; I believe it is 99 years.

Mr. MARTIN. Ninety-nine years?

Mr. POOLE. I think so. I do not know, but I understood it was a 99-year lease. I might be mistaken. But that does not give me the sole right to use the harbor.

Mr. MARTIN. Mr. Welch was under the impression it was only 25 years.

Mr. POOLE. I may be wrong, but I was under the impression that it was 99 years.

Mr. MARTIN. You could hardly be wrong about such an important matter as that, could you?

Mr. POOLE. Why, I do not know, Mr. Martin. It is just a matter of turning it over to your attorney and getting the fore-shore lease. Now, whether it is 25 years or 99 years, it is really a matter of very little import; you have got the lease. But that does not preclude any vessels from doing business in the Mangarin Bay.

The CHAIRMAN. Let me ask you, from whom did you get that lease?

Mr. POOLE. From the Philippine government.

The CHAIRMAN. It was a shore lease?

Mr. POOLE. Yes, a shore lease. That is the technical term used out there. I believe it is between high and low water.

Mr. MARTIN. Now, that is the only available harbor there, is it not, to the San Jose estate and the land of the California companies?

Mr. POOLE. Well, no; there are several harbors, there, of course, that are available; but that is the best one, I would say.

Mr. MARTIN. Mr. Sleeper stated in a letter of May 3, 1910, which appears in House Document No. 1071, at page 115, that it was the only available harbor. Now, is not that a fact?

Mr. POOLE. Well, the harbor, you might say, is 10 miles square, and every inch of it is available for a certain class of vessels.

Mr. MARTIN. It is all one harbor, is it not?

Mr. POOLE. Yes.

Mr. MARTIN. And you have this foreshore lease on it—the Mindoro Co. has it?

Mr. POOLE. I have a foreshore lease; I presume it is about a thousand feet long.

The CHAIRMAN. Does it not cover the whole harbor?

Mr. POOLE. Oh, no; not at all, sir.

Mr. WORCESTER. To arrive at the facts in this state of the case, gentlemen, it covers $4\frac{1}{2}$ hectares, which is about 10 acres.

Mr. MARTIN. When the Mindoro Co. has got this centrale and the railroad from it to the dock or wharf, and then has the dock or wharf, it gives it absolute control of the situation there, does it not?

Mr. POOLE. No; I would not say it would, Mr. Martin. If you were down there and could see the geographical conditions you would agree with me that it would not. I just simply got that foreshore lease to protect the property there adjacent to the place and to prevent a holdup from somebody else that could go in there and take up that particular piece of land to my detriment. There are other places there. In fact, I gave permission to vessels coming in there to tie up at the dock whenever they wished.

Mr. MARTIN. They could not tie up there without the permission, could they?

Mr. POOLE. Well, I have given it to them.

Mr. MARTIN. You have not got a lease on that fore shore there that would allow them to come in and use your dock without your permission?

Mr. POOLE. Naturally; of course, a person has a right to use his discretion in giving the use of property.

Mr. MARTIN. What could those California companies do there without the consent of the Mindoro Co.?

Mr. POOLE. In what way?

Mr. MARTIN. In an agricultural and business way.

Mr. POOLE. If they wished to, they could plant all their area in cane and market it without the aid of the Mindoro Development Co. tract. I do not anticipate that; but it could be done, without any trouble. There is ample room there for them to put in a dock of their own.

Mr. MARTIN. When did you first hear, and through whom, of the three California companies?

Mr. POOLE. I heard, I believe, it was the 6th of November, through Mr. Lent and Mr. Humphrey. It is already in my testimony.

Mr. MARTIN. Mr. Lent is the brother-in-law of Mr. Charles J. Welch?

Mr. POOLE. I could not say that this particular Mr. Lent is.

Mr. MARTIN. What did you get from him?

Mr. POOLE. I received a letter. I have not got it with me. I would not say the full import, but it was in regard to taking up these lands, and I turned the entire matter over to Mr. Bruce.

Mr. MARTIN. Did they say in the letter that Mr. Welch wished you to act as their managing agent in applying for and securing tracts of land for these companies contiguous and adjacent to the San Jose estate?

Mr. POOLE. I would not say that they used that language. I do not know whether Mr. Welch's name was mentioned in that letter.

Mr. MARTIN. But you have not got that letter with you?

Mr. POOLE. I have not got it, no, sir; that is in Mindoro.

Mr. MARTIN. But you think you got that about the 6th of November?

Mr. POOLE. I received that the 6th of November.

Mr. MARTIN. Did you reply by mail?

Mr. POOLE. Mr. Bruce replied by mail.

Mr. MARTIN. When did he reply?

Mr. POOLE. I think I have the date here. I am not positive. I think it was about the 30th of December.

Mr. MARTIN. That he replied?

Mr. POOLE. That he replied; yes.

Mr. MARTIN. So that there was no exchange, then, between the California parties and yourself after the receipt of this letter on or about the 6th of November, until the reply about the 30th of December?

Mr. POOLE. Not to my knowledge; no, sir.

Mr. MARTIN. When and how did they answer?

Mr. POOLE. They answered, I think, merely by sending out a power of attorney to me. I received that, or Mr. Bruce received it and he has it in his possession.

Mr. MARTIN. You did not bring that power of attorney with you?

Mr. POOLE. No, sir.

Mr. MARTIN. Was there any letter from these California parties to you?

Mr. POOLE. In regard to that?

Mr. MARTIN. In addition to the power of attorney?

Mr. POOLE. That I could not say positively. I presume, however, there must have been, or else to Mr. Bruce.

Mr. MARTIN. So far as you know, all the communication you ever had from them, then, yourself, was that letter on or about the 6th of November, 1909.

Mr. POOLE. From them personally?

Mr. MARTIN. Yes.

Mr. POOLE. From Lent and Humphrey; yes, sir.

Mr. MARTIN. Now, you say Mr. Bruce wrote them about the 30th of December?

Mr. POOLE. About that, I would say.

Mr. MARTIN. Do you know when the power of attorney arrived?

Mr. POOLE. I would say in the neighborhood of six weeks.

Mr. MARTIN. Well, that would not be until along in February?

Mr. POOLE. February.

Mr. MARTIN. What time in February?

Mr. POOLE. Possibly the middle.

Mr. MARTIN. Why, you filed these applications on the 2d of February for the lands of these three California companies.

Mr. POOLE. Then I received it before that.

Mr. MARTIN. You cabled Mr. Welch the 30th of December, did you not say, in answer to questions on your direct examination, about the desirability of a right of way through the lands of these companies?

Mr. POOLE. I think it was that date; yes, sir.

Mr. MARTIN. And Mr. Welch cabled back to you, which cable is here someplace, to secure rights of way through the lands of these companies?

Mr. POOLE. Yes.

Mr. MARTIN. And whose charters he said you then had.

Mr. POOLE. It might be they were on the way.

Mr. MARTIN. I would like to have that letter the chairman had a while ago.

The CHAIRMAN. How can you put that in if you exclude it?

Mr. MARTIN. I would like to look at it.

The CHAIRMAN. You can not use it unless it goes in.

Mr. MARTIN. I only want to refer to that cablegram. This cablegram of December 30 reads:

California colono companies, whose charter you now have, should acquire public land between San Jose and Mangarin, factory company getting right of way for the railroad from them.

The CHAIRMAN. I thought that ought to go in, but objection was made by Mr. Jones.

Mr. JONES. The cable is in. You read that.

Mr. MARTIN. So that at the time you cabled Mr. Welch on December 30, about the desirability of getting rights of way through the lands of these three companies, and he cabled back to you to get the right of way through them, no return had been made by you, or on your behalf, to the California parties to the letter of November 6, because Mr. Bruce did not answer that letter until December 30?

Mr. POOLE. I say I think it was December 30. I would not be sure as to dates.

Mr. MARTIN. Is that the first cable?

Mr. DE GERSDORFF. That cable is from Mr. Welch to Mr. Poole.

Mr. MARTIN. Yes; I understand that this cable that has been read here was to you.

The CHAIRMAN. I think you stated it the other way.

Mr. MARTIN. But I understood—I may have been confused—that it was in response to a cablegram you sent to him.

Mr. POOLE. Very likely it was. We were exchanging cablegrams back and forth continuously; that is, once or twice a week, as the occasion demanded.

Mr. MARTIN. There would not have been time for Mr. Welch to have found out in any other way in regard to the need of this right of way unless you had cabled him?

Mr. POOLE. Other than by cable; that is quite true.

Mr. MARTIN. Yet at that time nothing whatever had been done between you and the California parties except the receipt of a letter which had not been answered by you?

Mr. POOLE. I will not say that it had not been answered by me. No; it was answered by Mr. Bruce at my solicitation. The exact date, as I say, I could not say positively.

Mr. MARTIN. But you think it was about the 30th of December?

Mr. POOLE. Yes; it might have been sooner than that.

Mr. MARTIN. Is it not a fact that you had authority by a cable of some sort from Mr. Welch with reference to these California companies?

Mr. POOLE. I believe that cable there is the authority; yes, sir.

Mr. MARTIN. Yes; Prior to that cable of Mr. Welch's of December 30, had you not a communication from him?

Mr. POOLE. In regard to that?

Mr. MARTIN. Yes.

Mr. POOLE. I could not say now. I would not be able to say without referring to my correspondence.

Mr. MARTIN. He seemed to know that you had or ought to have had at that time the charters of these companies in your possession.

Mr. POOLE. That might be, that I had their charters, or they were on the way, and Mr. Welch in speaking said that I had them.

Mr. MARTIN. Did you have them at that time?

Mr. POOLE. That I would not positively say. They might have been in my possession, through the post office. I do not remember receiving them at that time.

Mr. MARTIN. Do you remember when you secured the license, or applied for the license, for these corporations?

Mr. POOLE. I think I stated that it was along in February.

Mr. MARTIN. No; the applications for the three California companies, the land applications, were filed the 2d of February, but I am referring now to when you applied for authority for them to do business in the Philippines.

Mr. POOLE. I would not be able to state positively just when I did that. Very likely it was along in January. I think, though, you would find it in some of the hearings here from other testimony.

Mr. MARTIN. I believe that that is a matter that pertains to a different department than the Interior Department, and I think it does not appear of record when they were licensed.

Mr. POOLE. I remember swearing and giving my cedula number in regard to different documents, and I think it is contained in that. I would not be positive.

Mr. MARTIN. Did that letter you received on November 6 give you authority to proceed and negotiate for lands for these parties, or was it merely a sort of a letter of inquiry—a sort of a preliminary letter?

Mr. POOLE. It might have been both. At any rate, I acted upon it. I would not say the full purport of the letter now. It has been some time.

Mr. MARTIN. When did you begin the survey for the railroad from the San Jose estate to the bay?

Mr. POOLE. I would say that was done either in the latter part of December or the first part of January; I think in January.

Mr. MARTIN. Do you know what time in January?

Mr. POOLE. I would say about the first week.

Mr. MARTIN. When did you begin the actual work of construction, such as grading or laying ties or track?

Mr. POOLE. The first work of construction, if I recollect, was done in February. The construction—that would be, of course, cutting a right of way.

Mr. MARTIN. Now, you did not get any authority at all from the California companies granting this right of way before you began work?

Mr. POOLE. No; I did not.

Mr. MARTIN. You did not get any authority from the Philippine government?

Mr. POOLE. No, sir.

Mr. MARTIN. You proceeded in the first week in January, under authority of Mr. Welch's cablegram of December 30, to survey your right of way?

Mr. POOLE. No, sir; I did not. You mean to start in operations on a small scale?

Mr. MARTIN. Yes.

Mr. POOLE. I did. Of course that was very general. I started the right of way, the survey—several different rights of way. There are half a dozen different rights of way there I surveyed through as being adequate. I also started in building some temporary quarters.

Mr. MARTIN. But at the time you did this preliminary work in reference to surveying a right of way, the only authority you had was the cablegram from Mr. Welch of December 30, which has been read here?

Mr. POOLE. Yes.

Mr. MARTIN. You considered, therefore, that Mr. Welch's relations to these three California corporations were such that you were justified, and in fact authorized, to proceed, on the authority from him?

Mr. POOLE. No; I would not say it in that way. I just simply went ahead. I had a very short time and a great deal to do before the rainy season came on, and I simply took it upon myself to go ahead and do it.

Mr. MARTIN. Did any of the officials of the insular government ask you to do business with the Internal Banking Corporation, or any representative of that corporation?

Mr. POOLE. I do not remember of anyone asking me that question, now. I was asked to meet the manager of the bank, Maj. Eastwick, which I did.

Mr. MARTIN. Who asked you to meet Maj. Eastwick?

Mr. POOLE. I do not know but it might have been Mr. Bruce. It was some gentleman that I met there. It was Mr. Lawrence. I went down there and called on Mr. Eastwick.

Mr. MARTIN. Mr. Lawrence is Mr. Bruce's partner?

Mr. POOLE. Yes.

Mr. MARTIN. You think that Mr. Lawrence asked you to do business at Maj. Eastwick's bank?

Mr. POOLE. No; he did not ask me. Maj. Eastwick asked to meet me, and Mr. Lawrence's office is immediately above the bank, and he sent down there, and I called.

Mr. MARTIN. Is that the Hongkong Bank?

Mr. POOLE. No, sir; that is the First Bank; or the International Banking Corporation, I believe, is the name.

Mr. MARTIN. The International Banking Corporation. Did Mr. Lawrence say that the Insular Bureau in Washington had cabled the governor general at Manila to the effect that the International Banking Corporation was anxious for the business of the sugar company purchasing the San Jose estate?

Mr. POOLE. I do not recall that; but, in fact, all the banks were anxious for the business.

Mr. MARTIN. Yes; that may be true; but what I am asking you is, were you advised that the bureau here in Washington wanted you to do business with this particular bank?

Mr. POOLE. No, sir; I was not. I knew nothing about any correspondence relative to that.

Mr. MARTIN. Did you have an office in Manila?

Mr. POOLE. Yes.

Mr. MARTIN. Where did you office when you first went there?

Mr. POOLE. Why, you could not call it an office. Mr. Strong—that is the Mr. Strong we speak of—very kindly allowed me to use his desk there.

Mr. MARTIN. Who was Mr. Strong's partner?

Mr. POOLE. I do not think he has any partner. It is Frank L. Strong.

Mr. MARTIN. You think he is by himself, do you?

Mr. POOLE. I think so. Pardon me just a moment. Mr. Strong was away at the time, but his office man, Mr. Harvey, told me, "Whenever you want to do any writing, or have anything to attend to, Mr. Strong's office is at your disposal."

Mr. MARTIN. Mr. Harvey was in Frank L. Strong's office in some capacity, there?

Mr. POOLE. Yes; whether a partner or not, I could not say.

Mr. MARTIN. Who took you over there to that office?

Mr. POOLE. I went over there to meet Mr. Newcomb, a representative of the steam plow, and it was during the conversation that Mr. Harvey offered me the use of the office.

Mr. MARTIN. Mr. Wilson, of the land bureau, is the father-in-law of Frank L. Strong, is he not?

Mr. POOLE. No, sir; the son-in-law.

Mr. MARTIN. He is the son-in-law of Frank L. Strong? I was wondering whether Mr. Wilson had sent you there to get offices.

Mr. POOLE. No, sir. In fact, I did not know for several days that Mr. Wilson and Mr. Strong were related in any way.

Mr. MARTIN. How long did you stay in that office?

Mr. POOLE. I was there a matter, I guess, of about three weeks.

Mr. MARTIN. Did you then secure other quarters?

Mr. POOLE. Yes.

Mr. MARTIN. Why did you do that?

Mr. POOLE. Why, naturally, as Mr. Strong had returned, or was about to return, and there was a multitude of people coming up there asking for positions, it made it very inconvenient for Mr. Harvey.

Mr. MARTIN. Was there any suggestion that came to you from any source that it would be advisable——

Mr. POOLE. I do not remember it now.

Mr. MARTIN (continuing). For you to secure quarters elsewhere?

Mr. POOLE. Possibly Mr. Prentiss went and conversed with him about the matter, and got this office.

Mr. MARTIN. But you can think of no one aside from Mr. Prentiss who might have suggested to you that it was advisable?

Mr. POOLE. No, sir; I saw the need of an office there. You can readily understand that a plantation starting, or any business starting, needs an office to attend to their necessary business.

Mr. MARTIN. Did you know the relation which Mr. Charles J. Welch bore to the organizers, the real parties in interest, in the three California companies?

Mr. POOLE. In what way, Mr. Martin?

Mr. MARTIN. Did you know that his brother was in one of them and his brother-in-law in another, and his wife in another, and so on?

Mr. POOLE. I do not believe I knew it then, until I happened to look over the testimony. In fact, now, I am quite sure I did not know anything about it until I read the testimony this morning, or last evening. In fact, I do not know any of the directors, you might say. I could not name them all. I can look them up and see who they are.

Mr. MARTIN. It was not knowledge, then, of that character that caused you to proceed to build a railroad across these lands without consulting the companies?

Mr. POOLE. No, sir; I gave my reasons for building the railroad.

Mr. MARTIN. Did you see Mr. Bruce before you left Manila?

Mr. POOLE. I saw Mr. Bruce about 10 days before I left Manila. I was down there at the estate with Gov. Gilbert and party, who were on the trip to the southern islands.

Mr. MARTIN. You did not see him on the day you left for the United States?

Mr. POOLE. No; I think Mr. Bruce had not returned. He was still off on his trip.

Mr. MARTIN. Did you see Mr. Lawrence?

Mr. POOLE. Yes; I met Mr. Lawrence; I went into his office.

Mr. MARTIN. Did it ever occur to you that all of these cablegrams and letters and so forth that have been talked about here would be wanted at an investigation which you were going some eight or nine thousand miles to attend?

Mr. POOLE. Why, if it did occur to me, I did not think of it in that light. At any rate, I would not have been able to get them and get the steamer. Mr. Bruce has his safe. He has his legal documents there, and all of my documents and business papers, of course, are in Mindoro. I went up to Manila to spend Christmas holidays, and I got up there, I think, on the 27th, a day late for Christmas, or one or two days late, and I received a cable after I had been there 24 hours to take the first steamer for New York. That was the *Siberia*, leaving on the 28th.

Mr. MARTIN. So that you virtually——

Mr. POOLE. I had not time to go down to the plantation. In fact, my instructions in regard to the work going on there during my absence were mailed from Hong Kong, mailed from the steamer on the way coming over.

Mr. MARTIN. You virtually, then, came all this long distance to appear before this committee, empty handed, so far as correspondence and documents were concerned?

Mr. POOLE. I did not know that I was to appear before the committee. The cable simply said "Presence desired in Washington," or "in New York," I do not remember which.

Mr. MARTIN. Who sent the cable?

Mr. POOLE. Mr. Welch. I did not see the cable. It was simply transmitted to me by telephone.

Mr. MARTIN. Now, this coal land; you say you have 640 acres of coal land?

Mr. POOLE. Acres or hectares. I think it is hectares.

Mr. MARTIN. Hectares? And one of your associates in that enterprise is Mr. L. J. Welch, you say?

Mr. POOLE. Yes.

Mr. MARTIN. Did you ever meet Mr. L. J. Welch?

Mr. POOLE. Yes; I have.

Mr. MARTIN. Where did you meet him?

Mr. POOLE. I met him in Manila, and I also met him in San Francisco.

Mr. MARTIN. Did you meet him in Manila at the time you made this purchase?

Mr. POOLE. He was associated there, in a personal or social way, in Manila; not in this purchase. It was simply a taking up of mining lands. It could not be termed a purchase.

Mr. MARTIN. Did you incorporate?

Mr. POOLE. That I could not really say, whether it is an incorporation or company. It was left entirely in the hands of Mr. Bruce.

Mr. MARTIN. Is Mr. L. J. Welch related to Mr. Charles Welch?

Mr. POOLE. Yes; he is his brother.

Mr. MARTIN. He is the brother that is in one of the California companies?

Mr. POOLE. No; I think Mr. "Andrew J. Welch" or "Andrew P. Welch," I would not say which, is the brother. There are several brothers.

Mr. MARTIN. He is a different brother from the one that is in the coal lands with you?

Mr. POOLE. Yes.

Mr. MARTIN. Who are your other associates in that?

Mr. POOLE. Mr. Prentiss, my assistant, and Mr. Thompson,

Mr. MARTIN. Who is Mr. Thompson?

Mr. POOLE. Mr. Thompson is the engineer of the company, in my employ there.

Mr. MARTIN. Has not Mr. Thompson got some connection with the insular government?

Mr. POOLE. No, sir; you are thinking of another gentleman entirely.

Mr. MARTIN. This Mr. Thompson you mention is the gentleman who went from Manila with you down to the island of Mindoro?

Mr. POOLE. Yes.

Mr. MARTIN. He is a civil engineer?

Mr. POOLE. He is a civil engineer; yes.

Mr. MARTIN. And he has no connection with the insular government?

Mr. POOLE. No, sir; I think he never had.

Mr. MARTIN. What are you to pay for that coal land?

Mr. POOLE. I really could not tell you. I would have to look up the mining laws. We have to do a certain amount of work. As you are from Colorado, and a mining man, you could explain that a great deal better than I could.

The CHAIRMAN. What is that, public or private land?

Mr. POOLE. It is public land, but coming under the head of mineral land; "public mineral land," I presume, would be the proper title.

Mr. MARTIN. When did you put in your application for that coal land?

Mr. POOLE. I would say it was March of 1910. I really could not say positively. It was turned over to Mr. Bruce, and he made the proper entries.

Mr. MARTIN. Did you make the application yourself?

Mr. POOLE. No, sir; I would say that it was turned over to Mr. Thompson entirely. In fact, if I remember, Mr. Thompson has a power of attorney in regard to that.

Mr. MARTIN. So that he handled that matter?

Mr. POOLE. What little there was to do in it; yes, sir.

Mr. MARTIN. You must be mistaken, Mr. Poole, about the quantity of land, because the law says that not more than 64 hectares shall be sold to an individual, or 128 hectares to an association of persons.

Mr. POOLE. Well, it might be 64. As I say, I really paid no attention to it other than putting in \$150, which I do not expect to ever get out.

Mr. MARTIN. You said it was either 640 acres or 640 hectares.

Mr. POOLE. The word "sixty-four" possibly was what made me make the misstatement. If that is what it is, 64, of course that is all we have.

Mr. MARTIN. Well, but the association of persons which you gentlemen constituted——

Mr. POOLE. Yes.

Mr. MARTIN (continuing). Would be entitled to 128 hectares, which would be about 275 or 280 acres of land, roughly?

Mr. POOLE. Yes; it was my impression that, as I say, it was 640 hectares; but I never paid any attention to it. I really could not say.

The CHAIRMAN. I suppose you took all the law allowed; is that right?

Mr. POOLE. The natural presumption is that of course we would, in regard to mining land.

Mr. MARTIN. Did you advise Mr. Welch to buy the land between the San Jose estate and Mangarin Bay?

Mr. POOLE. No, sir; to my recollection, I never did.

(At this point the witness was excused and left the room for a few moments.)

Mr. DE GERSDORFF. During the absence of the witness, may I have it put on the record that all the correspondence that is in the possession of Mr. Welch, in New York, or of the Mindoro Development Co., relating to these matters, was produced here at the last hearing, at which Mr. Welch was examined in response to a request to that effect from the chairman of the committee; that none of the correspondence was called for, and that it was taken back and has not been reproduced to-day because we assumed from the way in which the examination was conducted at that time it was not the desire of the committee to encumber the record with those documents? Such of that correspondence as is in this country will be produced at any time if the committee so direct. I do not think the impression ought to stay upon the record that that correspondence is withheld, because it was here, produced at the request of the committee, and not called for by Mr. Martin or anyone else in Mr. Welch's examination.

The CHAIRMAN. We understood that the records were here at that time, produced at the request of the committee.

(Mr. Poole returned to the room and resumed the stand.)

Mr. MARTIN. Mr. Poole, when did you report to Mr. Welch that a railroad would be necessary?

Mr. POOLE. Very likely in one of my first cables relative to the property. I would not say positively that would be so.

The CHAIRMAN. I would like to suggest again that the letter which I wanted put in contains those cables. Mr. Jones rather objected to putting it in.

Mr. POOLE. As a matter of fact, it is an absolute necessity to have a railroad on a cane plantation. It goes without saying that we would need one.

Mr. MARTIN. Mr. Welch stated that you suggested——

The CHAIRMAN. Wait a minute. Mr. Jones, I find that the letter I handed you to-day had attached to it another communication, which perhaps was the one to which you objected. It seems to me it would be a good thing to put in the record this letter containing these cables. However, I do not insist on it.

Mr. JONES. The letter I objected to was the letter of June.

The CHAIRMAN. That really was no part of this.

Mr. DE GERSDORFF. It just happened to be attached to that letter.

The CHAIRMAN. If there is no objection, this letter of February 6, 1911, may go in the record. It may save time in Mr. Martin's examination.

The letter referred to is here printed in full in the record as follows:

FEBRUARY 6, 1911.

MR. CARL A. DE GERSDORFF, 52 William Street, City.

DEAR MR. DE GERSDORFF: After reading over the testimony before the Committee on Insular Affairs of the House of Representatives, it occurred to me that there were one or two matters that might have been put a little more clearly:

On the 19th of November, 1909, Poole cabled me: "Will probably become necessary to lease or to buy public land for railroad, Mangarin to San Jose," to which I

replied: "Will the railroad between Mangarin and San Jose pass through cane lands suitable for colonias?" The answer was: "Land through which the railroad passes has not yet been surveyed. A rough estimate would give 1,000 hectares of land, which would be suitable."

I sent no more cables about this matter until after the opinion of the Attorney General of the United States had been received. Then I cabled, December 30: "California colonia companies, whose charter you now have, should acquire public land between San Jose and Mangarin, factory company getting right of way for the railroad from them."

The articles of incorporation of the California colonia companies were either actually in Manila on the 30th of December, or were due there very shortly. My friends in San Francisco had gone to the expense of incorporating these companies. The fact that our plans were changed and the factory was going to be located on the San Jose estate instead of on the Eduardo lands made no particular difference to them; they still wanted to purchase lands near the factory, providing these lands were good. I heard very little about this whole matter until the sale of the public lands to the three California companies was actually made, which was several months later. On the 30th of June I wrote a letter to Poole, of which I inclose a copy. What we really would have liked to have done in connection with the railroad from the San Jose estate to Mangarin was to have bought a strip of land 40 feet wide and 5 miles long; this would have amounted to about 25 acres, but we were advised by counsel that this could not be done under the Philippine land laws; we had to get either 1,600 acres or nothing at all. We did not want 1,600 acres, as the Mindoro Development Co., not being an agricultural company, would have no use for them. It does not appear clearly from the testimony why we objected to having our railroad made a common carrier and then asking the government to condemn or give us a right of way through the public lands. In the first place we would have had to incorporate another company—a railroad company. That would have been more or less troublesome; then we would have had to ask the government for a favor, which we did not want to do. There might be certain regulations in regard to common carriers which, however suitable for ordinary railroads, would be quite unnecessary in the case of a sugar plantation railroad. They might require a standard gauge, for instance, or a certain weight of rail, or oblige us to run so many trains a day, and all that sort of thing, which would bother us considerably, but we could have had the railroad made a common carrier and asked the government for a right of way, and we will do it if ever the necessity arises.

Yours, truly,

CHAS. I. WELCH.

Mr. MARTIN. Mr. Poole, Mr. Welch stated, at page 819 of the record, that you suggested that the land between Mangarin and the land of the San Jose estate ought to be purchased.

Mr. POOLE. I made that statement to Mr. Welch?

Mr. MARTIN. Yes.

Mr. POOLE. I must have made it then, in one of the cables, or a subsequent letter; I would not say positively which.

Mr. MARTIN. The colloquy here is very brief. It is as follows:

Mr. GARRETT. He—

That is you, Poole—

reported that these public lands were between the estate and the dock, or the point where it was desired to make the dock?

Mr. WELCH. Yes, sir.

Mr. GARRETT. Did he suggest anything about the necessity of acquiring those lands?

Mr. WELCH. He suggested to buy the land between Mangarin and the line of the estate, which we did not want to do.

Do you remember making that report?

Mr. POOLE. I must have made it. I do not recall the exact words, but I very evidently made it. As I say, I have all my correspondence.

Mr. MARTIN. Do these copies of cablegrams here contain the whole of the cablegrams, or just extracts from the cablegrams?

Mr. POOLE. We are in the habit of every week sending a written letter containing the exact copies of cablegrams that have been received by Mr. Welch and that we send to Mr. Welch, so that that is an exact copy.

Mr. MARTIN. Of the cablegrams?

Mr. POOLE. Of the cablegrams.

Mr. MARTIN. The first one is on the 19th of November, 1909, and it reads:

Will probably become necessary to lease or to buy public land for railroad, Mangarin to San Jose.

To that Mr. Welch replied, the date of that reply not being given:

Will the railroad between Mangarin and San Jose pass through cane lands suitable for colonias?

Mr. POOLE. Pardon me; evidently that is a continuation of that same letter, is it not?

Mr. MARTIN. No.

The CHAIRMAN. That is not a letter written by the witness; that is a letter from Mr. Welch to Mr. de Gersdorff, I think.

Mr. DE GERSDORFF. Yes. The witness never saw that letter.

Mr. MARTIN. No. As I say, Mr. Welch replied as follows:

Will the railroad between Mangarin and San Jose pass through cane lands suitable for colonias?

To that you answered, the date not appearing——

The CHAIRMAN. It was December 30?

Mr. POOLE. It would be the day following.

Mr. MARTIN. Yes. You answered as follows:

Land through which the railroad passes has not yet been surveyed. A rough estimate would give 1,000 hectares of land which would be suitable.

Then the last cable is from Mr. Welch to you, dated December 30, as follows:

California colonia companies, whose charter you now have, should acquire public land between San Jose and Mangarin, factory company getting right of way for the railroad from them.

Was there any correspondence by cable relative to this matter of right of way and the California companies between yourself and Mr. Welch, except that which is set out and which I have just read?

Mr. POOLE. I would not say that I have any more. Possibly there was some mention made of it, but I could not tax my memory at this late date to say whether there was or not.

Mr. MARTIN. There is one other feature about which I wish to question this witness a little that I have not asked any witness about before. It is with reference to the cost of sugar production.

Mr. Poole, you have stated that the maximum wage for agricultural laborers is about 80 centavos, or 40 cents gold, per day?

Mr. POOLE. Yes; that is, that is the wage I am paying.

Mr. MARTIN. And you struck an average of 55 or 60 centavos?

Mr. POOLE. Yes.

Mr. MARTIN. Which would be from 27½ to 30 cents gold, per day?

Mr. POOLE. That was merely an approximation, you understand, that average.

Mr. MARTIN. I would like to ascertain from you as nearly as you can give it what it would cost to grow and cultivate and cut and transport to the mill the cane which would produce a ton of sugar?

Mr. POOLE. In the Philippine Islands?

Mr. MARTIN. Yes; or on the San Jose estate, at the given cost for labor, and so forth?

Mr. POOLE. That would be an absolute impossibility for me to answer that, at this date. Until I milled the cane I could not tell what it would cost. I presume it will cost about, in the neighborhood of, Cuban production, though it might cost more or it might cost less. That is a rough estimate. I am taking that as something to go by.

Mr. MARTIN. What would that be?

Mr. POOLE. It ranges from about a cent and a half to 1.8.

The CHAIRMAN. 1.8 what?

Mr. POOLE. Per pound.

Mr. MARTIN. At that expenditure, what would be the state of the product? At an expenditure of 1.5 to 1.8; to what state of finish would that bring the sugar?

Mr. POOLE. That would bring it up to the plantation granulated, or raw sugar, 96 centrifugal test.

Mr. MARTIN. What would it cost you then? Would it be bagged?

Mr. POOLE. Yes.

Mr. MARTIN. Is that harbor there suitable for deep draft vessels?

Mr. POOLE. Reasonably deep; drawing 21 to 22 feet of water.

Mr. MARTIN. What would it cost you, per hundred pounds, to put that sugar on shipboard and lay it down in New York harbor?

Mr. POOLE. Until I had accomplished it I would not be able to answer that, either.

Mr. MARTIN. You do not know what the transportation rates are?

Mr. POOLE. No, sir.

Mr. MARTIN. What do you pay for agricultural labor in Cuba, on the Welch property with which you were connected, the Santa Cruz?

Mr. POOLE. The Cape Cruz?

Mr. MARTIN. On the Cape Cruz.

Mr. POOLE. The average rate of wage there—we have two rates. In the dead season it is about 90 cents.

Mr. MARTIN. What is the dead season?

Mr. POOLE. That is the out season when there is no work being done; no cane cutting; no harvest.

Mr. MARTIN. Ninety cents what?

Mr. POOLE. Ninety cents gold per day.

Mr. MARTIN. What is the average wage on the Cape Cruz estate for agricultural labor when you are cutting and milling, and so forth?

Mr. POOLE. I would say about \$1.10 would be a fair average.

Mr. MARTIN. What does Cuban sugar cost you per pound—raw sugar in the bag—on the Cape Cruz estate?

The CHAIRMAN. Now, I do not think that is a proper question.

Mr. MARTIN. Just a question or two more and I will be through.

The CHAIRMAN. All right.

Mr. POOLE. Roughly speaking, some years it used to be down as low as 1.5, and then it would run up to 1.8; but Mr. Welch could give you those figures much better than I could.

Mr. WELCH. Those figures are correct.

Mr. MARTIN. I do not understand why it would cost you from 1.5 to 1.8 to put the sugar in the bag on the San Jose estate at an average wage rate of 30 cents per day in gold, when you can put it in the

bag on the Cape Cruz estate in Cuba, with a wage rate running from 90 cents up to what?

Mr. POOLE. To \$1.10.

Mr. MARTIN. From 90 cents to \$1.10 per day, in gold, or approximately three times greater than the average wage rate on the San Jose estate.

Mr. POOLE. Well, if you were conversant with the ethics of sugar making, sugar growing, and compared the Cuban labor and the Philippine labor, you would readily understand why. While the Philippine laborer is paid less, his efficiency does not come up to that of the Cuban laborer. Now, it might be we would be able to turn out sugar at a great deal less than that, in the Philippine Islands, but I would not want to make any statement positively, for the simple reason that I do not know. No one knows what it is going to cost the modern sugar mill.

Mr. MARTIN. I think that is all.

The CHAIRMAN. That is all, Mr. Poole, unless somebody else wants to ask some questions. There does not appear to be anyone else. Mr. Poole, you are discharged from further attendance.

I would like at this point to put into the record an opinion by Attorney General Wickersham to the effect that no corporation can either purchase or hold more than 1,024 hectares of land in the Philippine Islands, which is dated April 29, 1910, as having some bearing on the question of law.

Mr. JONES. Is not that already in the record?

The CHAIRMAN. No, sir. This relates only to holdings by corporations.

(The following is the opinion of Attorney General Wickersham to the Secretary of State, referred to by the chairman:)

PHILIPPINE ISLANDS—CORPORATIONS HOLDING REAL ESTATE.

Neither a corporation formed in Belgium to acquire and possess lands in the Philippine Islands, nor any other foreign or domestic corporation authorized to engage in agriculture, may legally purchase or hold more than 1,024 hectares of land in the Philippine Islands.

DEPARTMENT OF JUSTICE, *April 29, 1910.*

SIR: I have the honor to acknowledge the receipt of your communication of April 21st instant, in which you state:

"I have the honor to inclose copies of two notes addressed, respectively, to the minister of foreign affairs at Brussels by Mr. Ed. C. Andre, dated April 4, and to the Belgian minister at this capital by the minister of foreign affairs of his Government, dated April 7, and with them three letters from Mr. Andre, dated March 30 and April 4, addressed to you and handed to me by the minister of Belgium for delivery to you. These documents raise the question whether a Belgian corporation authorized to engage in agriculture may legally purchase and hold a plantation in the Philippine Islands containing an area of 1,430 hectares. The collateral inquiry is also presented whether, if the answer to the foregoing question is in the negative, an agricultural and commercial corporation created under Philippine law may take and hold the said plantation."

You request an expression of my opinion on both of these questions.

The act of Congress entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," approved July 1, 1902 (32 Stat., 691), is the law still in force.

By the seventy-fifth section of that act it is provided:

"That no corporation shall be authorized to conduct the business of buying and selling real estate or be permitted to hold or own real estate except such as may be reasonably necessary to enable it to carry out the purposes for which it is created, and every corporation authorized to engage in agriculture shall by its charter be restricted to the ownership and control of not to exceed one thousand and twenty-four hectares of land * * *."

The first clause of this section forbids the organization of corporations to conduct the business of buying and selling real estate. The next, recognizing the necessity of some corporations to hold real estate for the conduct of their business, denies the permission to hold or own any real estate except such as may be reasonably necessary to enable it to carry out the purposes for which the corporation is created. The holding of real estate, under this provision, is incidental to the main business of the corporation, such as manufacturing or trading. By no intendment can this apply to a corporation formed for the use or cultivation of land.

By the next clause of the section it is provided: "Every corporation authorized to engage in agriculture shall by its charter be restricted to the ownership and control of not to exceed one thousand and twenty-four hectares of land."

Mr. Andre suggests, in one of the notes transmitted through you: "I am in doubt whether this refers to the rules and by-laws of the corporation or to the privilege granted to a company at being filed."

This provision is not directory. It affects the very being of the corporation. It is an absolute prohibition of the power to hold land in excess of 1,024 hectares. This limitation was placed in the act after much debate and deliberation in the United States Congress, and it is repeated and emphasized in all the legislation upon this subject.

These prohibitions in the organic act were embraced in the "corporation law" of the Philippine Commission, enacted by authority of the United States. By Article I, section 13, it is enacted: Every corporation has power (paragraph 5):

"To purchase, hold, convey, sell, lease, let, mortgage, incumber, and otherwise deal with such real and personal property as the purposes for which the corporation was formed may permit, and the transaction of the lawful business of the corporation may reasonably and necessarily require, unless otherwise prescribed in this act: *Provided*, That no corporation shall be authorized to conduct the business of buying and selling real estate or be permitted to hold or own real estate except such as may be reasonably necessary to enable it to carry out the purposes for which it is created, and every corporation authorized to engage in agriculture shall be restricted to the ownership and control of not to exceed one thousand and twenty-four hectares of land * * *."

Reversing the order in which the questions in your communication are presented to me, and replying to the second inquiry, I think an agricultural corporation created under Philippine law can not take and hold of the plantation described, or of any other lands, more than 1,024 hectares.

By the last paragraph of this same section 75 of the act of Congress it is provided: "Corporations not organized in the Philippine Islands and doing business therein shall be bound by the provisions of this section so far as they are applicable." And by section 73 of the "corporation law" of the Philippine Commission it is enacted:

"Any foreign corporation or corporation not formed, organized, or existing under the laws of the Philippine Islands and lawfully doing business in the islands shall be bound by all laws, rules, and regulations applicable to domestic corporations of the same class, save and except such only as provide for the creation, formation, organization, or dissolution of corporations or such as fix the relations, liabilities, responsibilities, or duties of members, stockholders, or officers of corporations to each other or to the corporation: *Provided, however*, That nothing in this section contained shall be construed or deemed to impair any rights that are secured or protected by the treaty of peace between the United States and Spain, signed at the city of Paris on December tenth, eighteen hundred and ninety-eight."

This act was passed under the authority delegated by the organic act. Its provisions are declaratory of the limitations of that act.

The restrictions upon the ownership and control of lands in the Philippine Islands by corporations are absolutely determined by this legislation. It is beyond the power of the executive branches of the Governments, either of the United States or the Philippine Islands, to authorize or permit corporations to own or hold lands in excess of the amount so designated.

I am therefore of opinion that neither a corporation formed in Belgium to acquire and possess lands in the Philippine Islands nor any other foreign or domestic corporation authorized to engage in agriculture may legally purchase or hold more than 1,024 hectares of land in the Philippine Islands.

I have the honor to be, sir, your obedient servant,

GEORGE W. WICKERSHAM.

The SECRETARY OF STATE.

Also, I would like put in the record a letter or article by the Attorney General, published in The Churchman, which relates to this

particular matter that we have before us. It is rather an elaboration of his opinion on the limitations on the friar lands.

(The following is the letter of Attorney General Wickersham, published in *The Churchman*, referred to by the chairman:)

CEDARHURST, L. I., *July 16, 1910.*

The EDITOR OF THE CHURCHMAN,
434 Lafayette Street, New York.

SIR: I have not deemed it necessary to pay any attention to criticisms and statements in secular newspapers regarding the friar lands, but an editorial paragraph in your number of July 16, under the head of "The friar lands and the sugar trust," appearing in the official organ of the church with which I am connected, seems to me to call for protest. Apparently your only authority for statements and comments made, and those are accepted without any inquiry, consists in statements made by Congressman Martin, of Colorado, reported in the *New York World*. You do not even give to the opinion upon the statute of the United States involved that *prima facie* presumption of soundness which would ordinarily seem to attend upon the official opinions of the chief law officer of the United States Government. And, without reference to the official denial which I sent to Congress, and which is printed in the *Congressional Record*, you state that the facts presented by Mr. Martin "make it at least probable that Gen. Edwards, Chief of the Bureau of Insular Affairs, and Attorney General Wickersham knew for whose account the sales to individuals were made, and that the purchasers were so far assured by the opinion in their favor, given by the Attorney General in December, 1899 (sic), that large sums had been already expended and the land put under cultivation in some places for months before the opinion was issued."

And you refer, as strengthening this assumption, to the fact that before becoming a member of the Cabinet I was connected with the law firm of Strong & Cadwalader, who defended the Sugar Trust against the suit of the Pennsylvania Sugar Refining Co., "its only rival."

After reading these statements, it does not detract from the nature of your criticism to read your closing paragraph, in which you state that "it must, of course, be remembered, however, that we have as yet only an *ex parte* statement, and that in awaiting the committee's investigation it would be premature to accept Mr. Martin's assertion that any Federal authorities connived with a violator of the law to bring about its failure."

The slightest investigation of the subject would have shown you that instead of there being available only an *ex parte* statement on the subject there is an abundance of material in the *Congressional Record* and in official documents of the House of Representatives which abundantly dispose of all of the statements made by Mr. Martin tending to show any impropriety in the action of any of the Federal authorities alluded to in his statements. I need only refer in this connection to a speech by the Hon. Duncan E. McKinlay, of California, printed in the *Congressional Record* of Friday, June 3, 1910, with the accompanying documents; a speech of the Hon. E. D. Crumpacker, printed in the *Congressional Record* of June 17, at page 8471, analyzing the legal questions; letter from the Secretary of War transmitting a reply to an inquiry of the House as to the sale of friar lands in the Philippines, printed as House Document No. 894, part 3, under date of May 11, 1910; letter from the Attorney General relative to the friar lands in the Philippine Islands, printed as House Document 911; "information regarding sale of certain lands in the Philippines," reported by Mr. Olmsted, from the Committee on Insular Affairs, and printed as House Report No. 1015; and letter from Mr. Henry W. Taft to the Hon. William S. Bennet, dated June 23, 1910, printed in the *Congressional Record* of June 27, 1910, at page 9605, categorically denying a series of allegations made by Congressman Martin with respect to the connection of the firm of Strong & Cadwalader with certain individuals, firms, and corporations having business in the Philippine Islands.

Aside from this, the first question involved, which you dismiss with the assumption adverse to the chief law officer of the Government, is whether or not the opinion given by the Attorney General to the Secretary of War with respect to the legal question involved was sound. The only question propounded to the Attorney General on that subject was "whether section 15 of the act of Congress approved July 1, 1902, entitled 'An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes,' limiting the amount of land which may be acquired by individuals and corporations, is made applicable by section 65 of said act to the estates purchased from religious orders in the Philippine Islands

pursuant to the authority conferred upon the Philippine Government by sections 63, 64, and said section 65 of the act mentioned."

The opinion rendered to the Secretary of War under date of December 18, 1909, was to the effect that the limitations upon the disposition of the public lands of the United States acquired by the treaty with Spain, contained in section 15, did not apply to the estates purchased by the Philippine Government from religious orders under sections 63, 64, and 65 of the Philippine act. Such had been the construction placed upon the statute by the Philippine Commission itself, when it was composed of such lawyers as William H. Taft, Luke E. Wright, Henry C. Ide, and James F. Smith. Such was the construction placed upon the act by the law officers of the Philippine Government. The legislative act of the Philippine Government with respect to the sale of the lands predicated upon that construction was reported to Congress after its adoption on July 26, 1904, and, so far as I can ascertain, the construction given to the act by those authorities, and confirmed by the Attorney General's opinion, was never questioned by anybody having any responsible official or professional relation to the subject.

The entire history of the legislation, the discussions over the purchase of the friar lands, and the provisions of the statutes themselves, to my mind, clearly demonstrate that the restrictions in section 15 of the organic act applicable to the public domain in the Philippine Islands were not intended to, and do not, apply to the friar lands. Based upon this construction, the director of lands, who is charged by law with the management of these estates, recommended to the Philippine Government the amendment of the friar lands act so as to remove the restriction as to the area of vacant land which might be disposed of to a single purchaser, and the acts making this recommendation effective were passed by the Philippine Legislature, and the secretary of the interior of the Philippine Islands in his report to the Philippine Commission for the year 1908, which was published as a part of the report of the Secretary of War to Congress for that year, referring to the friar lands under the heading "Amendments to friar lands act," made the following statement:

"Under the law as amended, there is no limit as to the amount of land which may be purchased."

It should be noted that this is in the published report of the Philippine Commission, was reported to Congress, and is published as a part of the annual report of the Secretary of War for 1908.

Briefly, this means that the decision that the restrictions as to area governing the sales of public land under the act of July 1, 1902, do not extend to the friar lands, was given full publicity in the United States prior to the commencement of the present administration. A more careful reconsideration of the question since the discussion raised with respect to it, has satisfied me that no other conclusion is possible as sound statutory construction than that which the members of the Philippine Commission, the law officers of the Philippine Government, and the chief law officer of the Federal Government have reached. The insinuation in your article that that construction was the result of some improper influence on the part of the firm of Strong & Cadwalader and the undersigned is the sort of criticism, which is, unhappily, too common in the secular press, but which one does not expect to find in a newspaper whose motto is "The faith once delivered to the saints."

With the policy of the War Department respecting the disposition of these lands I have no concern. On the question of law involved I have expressed my opinion, which I believe to be sound. That a religious paper shall make upon such a foundation as I have above pointed out, the insinuations contained in your article, is, to say the least, disheartening.

Respectfully,

GEO. W. WICKERSHAM.

Also a paper handed me by Mr. Quezon, being a communication addressed to him by the speaker of the Philippine Assembly, and touching Mr. Frank W. Carpenter, the executive secretary.

Mr. MADISON. What is that?

The CHAIRMAN. This is a communication addressed by the speaker of the Philippine Assembly to Mr. Quezon. I will just read it:

[Translation.]

THE GOVERNMENT OF THE PHILIPPINE ISLANDS,
OFFICE OF THE SPEAKER PHILIPPINE ASSEMBLY,
Manila, November 6, 1910.

MY DEAR COMMISSIONER QUEZON: In a caucus convened this morning by the two parties of the house, the Nacionalista Party and the Progresista Party, an unanimous

resolution was adopted that there should be made known to you the confidence and high esteem in which the executive secretary, Mr. Frank W. Carpenter, has been and is held by the elective representatives of the people, and with pleasure I communicate this to you in compliance with the duty imposed upon me by the members of the assembly, and to state further that each and every one of us not only recognizes the important and patriotic services rendered by Mr. Carpenter, but we have the highest opinion of his morality, honor, and integrity.

Very sincerely, yours,

S. OSMEÑA,
Speaker Philippine Assembly.

HON. MANUEL L. QUEZON,
Resident Commissioner in the United States, Manila.

This is handed to me by Mr. Quezon, with the request that I present it to the committee.

Mr. JONES. I do not object to it, but I do not see that it is very pertinent to the subject of this inquiry. It might be considered a reflection on the other witnesses from the Philippines who have testified. The inference might be drawn that they could not get a certificate of good character.

The CHAIRMAN. I merely submit it for the consideration of the committee.

Mr. JONES. I do not care, but it looks to me as if it had nothing to do with the case.

Mr. DOUGLAS. It reflects upon his standing out there, and his credibility.

The CHAIRMAN. If there is no objection, it will be inserted in the record.

Then I have here a letter from Messrs. Ralston & Siddons, requesting that before the final determination of the investigation they may be allowed to submit a brief. What is the pleasure of the committee about that?

Mr. PARSONS. Let them have the privilege.

The CHAIRMAN. Provided we are not delayed waiting for it.

Mr. PARSONS. Yes.

The CHAIRMAN. It seems to be the sense of the committee that the gentlemen may submit a brief, provided our proceedings are not delayed.

Mr. JONES. I think they ought to be permitted to do it. People generally, it seems, are permitted to put in supplemental briefs. Already there has been inserted a supplemental opinion of the Attorney General and a letter that he wrote a religious paper, and other things.

The CHAIRMAN. I do not think anybody objects to their putting in a brief, only they must get it in promptly. If there is no objection, I will write them to that effect.

Mr. GARRETT. Mr. Ralston was present a few days ago at a meeting of another committee which I am on, and he spoke to me then about the matter, and he said that he had his brief prepared up to date, at that time, through the evidence so far as it had gone.

The CHAIRMAN. Very well.

Mr. DE GERSDORFF. Mr. Chairman, this last request seems to indicate that it may be necessary or advisable on the part of the owners of the San Jose estate to put in a memorandum, if the committee will accept it. I would not propose to present a brief to the committee, but if a brief is to be submitted on behalf of the Anti-Imperialist League, I should like to have permission to submit a brief on behalf of the owners of that property, if you think it necessary.

The CHAIRMAN. If we think it necessary, or if you think it necessary?

Mr. DE GERSDORFF. Of course, if the committee thinks it necessary, we would be glad to do it; but I said if we think it necessary. I do not think that it will touch our interest.

The CHAIRMAN. We are compelled to report before the 4th of March, when this Congress expires, and we would not want to be delayed waiting for briefs.

Mr. DE GERSDORFF. I should like to see a copy of their brief and have an opportunity to reply to it if we think it affects our interests. I should not have suggested putting in anything if they had not requested it.

The CHAIRMAN. I suppose it is the sense of the committee we would be glad to receive briefs from the interested parties provided they do not delay us in reporting on the case. What is the pleasure of the committee?

Mr. GARRETT. Well, we can not get to-day's testimony before day after to-morrow, can we?

The CHAIRMAN. No.

Mr. JONES. I see no objection to their submitting their briefs. As to whether they ought to be incorporated in the record and printed at the expense of the Government, that is another matter.

The CHAIRMAN. That we can determine, I suppose, after we get them.

Mr. MADISON. Oh, let them file printed briefs.

Mr. JONES. If they file briefs that are not incorporated in the printed record, I do not object.

The CHAIRMAN. I think that is right.

Mr. MARTIN. Now, Mr. Chairman, I do not know what the purpose or the pleasure of the committee is, or what the status of the matter is with reference to further hearings, but the second day that I appeared before the committee I was only allowed to make statements as to what certain documents would establish or tend to establish, and it was my understanding at that time that I would have an opportunity to present these matters; in addition to which I have gone through all of the records pretty carefully, and I find a considerable number of documents which ought, I think, to be not only inserted, but they ought to be briefly presented in some sort of order. They are scattered throughout various documents that have been sent up from time to time by the War Department, and they are in the Congressional Record and elsewhere. I just make that statement at this time as a suggestion.

The CHAIRMAN. Well, do you want to submit a brief embodying them or presenting them?

Mr. MARTIN. No, sir; that was not my idea. My idea was to have them go in as a regular part of the hearings. I consider that they are a necessary part of the hearings. Many of them are documents upon which I sketched out my statement of the matter.

The CHAIRMAN. I mean, was it your idea to suggest to us that copies of them should go in the record, or refer to them in some way so that we can know what the papers are?

Mr. MARTIN. It was really my idea that I would be given an opportunity to present them before the committee, just the same as any other witness that has appeared.

The CHAIRMAN. Well——

Mr. DOUGLAS. Subject to cross-examination?

Mr. MARTIN. Subject to the pleasure of the committee. The committee can permit me to appear and proceed to present these documents, and if the committee wishes to ask any questions about any of them, of course I will be glad to answer them.

Mr. DOUGLAS. I think, personally, we ought to give him any opportunity to produce any material evidence that he wants to.

The CHAIRMAN. Yes; I did not know whether he wanted to give us a list of the things, and let us put them in, or what he wanted.

Mr. MARTIN. I have just made that suggestion now, apprehending that the matter might be considered closed with the examination of Mr. Poole.

Mr. MADISON. You want us to hold a session in which you may, in regular order, offer this documentary evidence?

Mr. MARTIN. Yes.

Mr. MADISON. I think he unquestionably ought to have the opportunity. I do not think there is any objection to that.

Mr. WORCESTER. Do I understand that Mr. Martin will be on the stand as an ordinary witness? I very much hope that will be the case. I would very much like to ask Mr. Martin a few questions, and I would like to have him reply to them under oath. He has cross-examined me at great length, and he has made statements here in regard to which I have not had any opportunity to interrogate him, and I would be glad if he would be given the opportunity to appear before the committee to prove the things he has stated in his testimony he would prove, if I might have the opportunity to cross-examine him, when he is on the stand, and ask him a few questions. I promise to be very brief, and not take up much time of the committee.

Mr. MARTIN. That is a matter I leave entirely to the committee.

Mr. JONES. That is a matter to be decided when he is examined. The question now is of fixing the time.

Mr. DOUGLAS. Before the testimony is closed, Mr. Chairman——

The CHAIRMAN. We are through with Mr. Poole; yes.

Mr. DOUGLAS (continuing). There is a gentleman present here, Mr. Aaron Gove, and I would like, if he will waive a subpoena to-day, to ask him a few questions.

The CHAIRMAN. Is Maj. Gove here?

Mr. DOUGLAS. Yes, he is sitting right here.

The CHAIRMAN. Will you be sworn, Maj. Gove?

Mr. GOVE. What for?

The CHAIRMAN. For the purpose of examination.

Mr. DOUGLAS. I understand Mr. Gove has visited the Philippine Islands and made some investigations in relation to sugar matters there, and I would be very glad to ask him a few questions now. I could have subpoenaed him any day we have been conducting this investigation. He has been here every day.

Mr. GOVE. My testimony is already printed in the last two sessions of Congress.

The CHAIRMAN. We are not examining that; and I think we would like you to be sworn.

Mr. GOVE. Why, Mr. Chairman; I do not quite see why I should be. I have no special privilege——

The CHAIRMAN. That is a matter we are not going to argue with you.

Mr. GOVE. Very well; what is it, Mr. Chairman?

The CHAIRMAN. We invite you to be sworn.

Mr. GOVE. Very well.

TESTIMONY OF AARON GOVE.

(The witness was sworn by the chairman.)

Mr. DOUGLAS. I have noted, Mr. Gove, that you have attended carefully all the hearings of the committee, and I would like to have you state if you do so in your personal or in a representative capacity, and if in a representative capacity, whom you represent.

Mr. GOVE. Purely in my personal capacity.

Mr. DOUGLAS. Are you an employee of the Great Western Sugar Co. of Colorado?

Mr. GOVE. Not directly. The Great Western Sugar Co. of Colorado, among others, are my principals.

Mr. DOUGLAS. Who are your other principals besides the Great Western Sugar Co. of Colorado?

Mr. GOVE. All the sugar interests of Utah; all the sugar interests of Colorado, except——

Mr. DOUGLAS. What was your first reply?

Mr. GOVE. All the sugar interests of Utah; all the sugar interests of Idaho; all the sugar interests of Colorado except the American beet; the Garden City in Kansas; the Fort Scott sugar factory in Nebraska; the Billings factory in Montana.

Mr. DOUGLAS. What interest have they in these hearings?

Mr. GOVE. I do not know that they have any.

Mr. DOUGLAS. Are they paying your expenses while you have attended the hearings here this winter?

Mr. GOVE. I am under salary to those people every day in the year.

Mr. DOUGLAS. It is owing to that fact, is it not, that you are here?

Mr. GOVE. Surely.

Mr. DOUGLAS. What interest, then, have they in this hearing?

Mr. GOVE. I have not asked them. My instructions are broad and general.

Mr. DOUGLAS. What interest, then, that you might imagine they could have, led you to be present at all of the hearings of this committee?

Mr. GOVE. I do not imagine any.

Mr. DOUGLAS. What supposed interest that they might have has led you, then, to attend all the hearings of this committee?

Mr. GOVE. Perhaps my instructions will answer the question entirely.

Mr. DOUGLAS. Entirely?

Mr. GOVE. Yes.

Mr. DOUGLAS. Perhaps; I do not know. Will you kindly tell us what those instructions are?

Mr. GOVE. The only instructions I have ever received are to go where I please and do what I please in the interest and for the encouragement of the home beet-sugar industry.

Mr. DOUGLAS. Therefore you are here attending these hearings in the interest of the beet growers of Colorado and the West? It necessarily follows from your statement, does it not?

Mr. GOVE. You say it does.

Mr. DOUGLAS. Do you not think it does?

Mr. GOVE. I think so, yes.

Mr. DOUGLAS. What is the Great Western Sugar Co.?

Mr. GOVE. What is it?

Mr. DOUGLAS. Yes. A corporation?

Mr. GOVE. I think so.

Mr. DOUGLAS. What is its capitalization?

Mr. GOVE. I do not know.

Mr. DOUGLAS. Is it not \$30,000,000?

Mr. GOVE. I have no idea. That does not concern me. Nothing about the interests for which I—nothing about the principals in whose employ I am has anything to do with me, and I—

Mr. DOUGLAS. Do you know whether or not the Great Western—

The CHAIRMAN. Let him finish his answer.

Mr. DOUGLAS. I beg your pardon; I thought he had finished. Continue your answer, Mr. Gove.

Mr. GOVE. You will have to tell me where I was, there.

(The stenographer read the answer of the witness, as follows:)

Mr. GOVE. I have no idea. That does not concern me. Nothing about the interests for which I—nothing about the principals in whose employ I am has anything to do with me, and I—

Mr. GOVE. I am personally interested, as well for income as for patriotism, if you choose, in the home beet-sugar industry, and I should attend to any exercises of any kind possibly where I could learn anything connected with it. You ask why I am here. I am here because I learned that you were to do what you have been doing, and I have listened with great interest, and I have received a heap of instruction. So far as participation is concerned in any way, it is beyond me.

Mr. DOUGLAS. Are you through? Are you through with that answer?

Mr. GOVE. Yes.

Mr. DOUGLAS. Have you read the bill filed in the case of the United States against the American Sugar Refining Co. and others?

Mr. GOVE. Not carefully.

Mr. DOUGLAS. Have you read it at all?

Mr. GOVE. I might probably say that I have not read it at all.

Mr. DOUGLAS. Do you know whether or not the Great Western Sugar Co. is a defendant in that suit?

Mr. GOVE. No, sir; I do not know.

Mr. DOUGLAS. I want to call your attention to certain statements with reference to that company contained in the bill, for the purpose of asking you what knowledge you have of the truth or otherwise of the allegations.

Mr. JONES. Mr. Chairman, I must ask what bearing all this has upon our investigation? This is a public hearing. This gentleman was sitting in here, taking no part in this matter, and he does not seem to know anything at all about the subject of this investigation, and he is being questioned about some sugar interests that he is supposed to represent in the United States.

Mr. DOUGLAS. The purpose of the hearing, I will state for Mr. Jones's benefit——

Mr. JONES. I object to this line of testimony. The committee did not bring this witness here. Nobody thought he ought to have testified. I should like Mr. Douglas to state why——

Mr. DOUGLAS. I was preparing to do it.

Mr. JONES (continuing). Why he placed him in the witness chair, and at whose instance he is examining him, and all that sort of thing, if we are going to continue this line of inquiry. I do not believe Mr. Douglas is doing it on his own initiative.

Mr. DOUGLAS. I am doing it upon my own initiative. I am doing it as a member of the committee, in order to arrive at what seem to me to be important facts with reference to this investigation. It may become apparent or not, I do not know, that this investigation, which was instigated by a Representative from Colorado, was more or less the result of the hostility between a great combination of beet-sugar interests, and that the popular disposition to criticize the combination known as the American Sugar Refining Co. is being used for that purpose; and if this investigation had its origin in that——

Mr. MADISON. Ought we not to welcome any criticism of the American Sugar Refining Co., wherever it might come from, and whatever information might be given to us regarding the American Sugar Refining Co. that may bear upon this matter? It looks that way to me.

Mr. DOUGLAS. Now, this man has not offered any objection to his examination, and I hope that the chairman will not sustain the objection. Maj. Gove, if he has any objection to make, ought to make it himself, and he has not made any; and I hope that the chairman, until the witness offers an objection, will not sustain the objection.

Mr. JONES. My objection is made as a member of the committee. I have no acquaintance with this gentleman whatever and I do not know anything about whom he represents or what his business is; but I simply make the point that his testimony is not relevant and has nothing to do with the subject of this investigation. In the beginning of the investigation we laid down some sort of rules in respect to it, and we have been governed by them in the examination of other gentlemen. Even Mr. Martin, a Member of the House, was prevented from making certain statements. Mr. Douglas himself objected to them because they were not pertinent to the examination. And yet he himself is now calling on this gentleman because, as he said, he saw him sitting in the room. He began by asking him why he was here at this investigation.

Mr. DOUGLAS. I beg your pardon; I did not call on him simply because he was sitting in the room.

Mr. JONES. You started out with a statement very much like that.

Mr. DOUGLAS. I did not say that.

Mr. JONES. I do not say that those were your exact words.

Mr. DOUGLAS. I want to be quoted with fair accuracy.

Mr. JONES. I can not see that his testimony has any relevancy to the subject we are investigating.

The CHAIRMAN. The Chair will state that at the outset it was charged, and has been continuously, that the Sugar Trust was exploiting these islands, and we have taken a great deal of testimony as to the

Sugar Trust and the American Sugar Refining Co., and I understood Mr. Douglas to state that this witness had visited the Philippine Islands.

Mr. DOUGLAS. Yes.

The CHAIRMAN. I do not know that he said in whose interest.

Mr. DOUGLAS. Yes.

The CHAIRMAN. And it has developed that he is familiar with the sugar interests. Of course the Chair is unable to state just what the inquiry will lead to.

Mr. JONES. Does not the question before us relate to the sales of friar lands, rather than the sugar interests of the country?

The CHAIRMAN. Well?

Mr. MADISON. Mr. Chairman, we have been pretty liberal about the admission of testimony, and if Mr. Douglas wants to bring out the fact that the American Beet Sugar Co. is attacking the American Sugar Refining Co., that is a very interesting fact to me, and I would like to know if it is true. We have traveled along side lines a number of times, and this man is not offering any objection, and I hope the Chair will not sustain the objection.

The CHAIRMAN. It seems to the Chair——

Mr. JONES. I will remind Mr. Madison that when this gentleman was called upon to testify, the chairman said to him, when he expressed a desire not to testify, that he did not want any discussion with him as to whether or not he should go on the stand; the chairman directed him to take the witness chair.

Mr. MADISON. Yes; and the chairman did right. The witness was here under the jurisdiction of the committee, and it was not for him to question whether he should be sworn or not.

Mr. JONES. I submit that he was not under the jurisdiction of the committee. He had never been summoned.

Mr. MADISON. He was questioned; he has not objected to those questions, and he is sitting mute, now, apparently willing to proceed.

The CHAIRMAN. The members of the committee asked that he be sworn, and it was not for the chairman to argue with the witness. The chairman did not know what he was expected to testify to.

Mr. DOUGLAS. It was understood from the people on the outside that he was here representing a combination of beet-sugar interests that were opposed to the development of the cane-sugar interests of the Philippine Islands, and I want to find out his connection with this investigation.

The CHAIRMAN. The Chair thinks your inquiry is not objectionable.

Mr. DOUGLAS (to the witness). Is it or not within your knowledge, so that you can state whether it is true or not, that with the express purpose of combining all the beet-sugar interests or concerns in Colorado, and destroying competition amongst them, and of establishing a monopoly, the Great Western Sugar Co. was organized under the laws of New Jersey, with an authorized capital stock of \$30,000,000?

Mr. JONES. Now, Mr. Chairman, I ask you if you think that question has anything to do with this investigation? It relates solely to the affairs of the Great Western Sugar Co., with which we are in no way concerned as a committee.

Mr. DOUGLAS. That is merely preliminary.

Mr. JONES. I am going to object to each question that I think is not a proper one, and require a ruling upon it before it is answered.

The CHAIRMAN. One question may be simply introductory.

Mr. DOUGLAS. There are a number of questions here that are introductory.

Mr. JONES. I object to a question that goes into the affairs of a concern that we are not charged with investigating and have nothing in the world to do with. I object to entering into any controversy between the American Sugar Refining Co. and any beet-sugar interests in the United States. We are investigating affairs in the Philippine Islands, and if we confine ourselves to the Philippine Islands, I think we will do pretty well.

The CHAIRMAN. The chairman understood that this witness had been to the Philippine Islands.

Mr. JONES. I have also been there, and possibly you may wish to put me on the stand.

Mr. DOUGLAS. We may want to yet.

The CHAIRMAN. If you were in the sugar business, we might want to. Proceed, Mr. Douglas.

Mr. DOUGLAS. Answer the question.

Mr. JONES. Do I understand that the Chair has ruled that the question is proper?

The CHAIRMAN. The Chair is not prepared to rule it out at this stage.

Mr. GOVE. I know nothing whatever, not the slightest notion have I, or ever learned, about the organization or the conduct of the Great Western Sugar Co. I am not familiar with any details; I am not familiar with the details of the conduct of any of the corporations who put me in the field; where I visit national conventions always, and frequently speak to the topic of the home beet-sugar industry, and when I am near the South, cane is included. I stand as the representative of the promotion and encouragement of the home sugar industry. That is my business. That is all I do, and I have always refrained, and do yet, from participating in any contest whatever.

Mr. DOUGLAS. Is it true, as stated on page 116 of the bill I have referred to, that the Great Western Sugar Refining Co. is the dominant factor in the production and trade in beet sugar among the States in what is known as the Colorado group?

Mr. GOVE. I do not know.

Mr. JONES. I object to that question.

The CHAIRMAN. The witness has said that he does not know.

Mr. DOUGLAS. Is it true, as stated on page 144 of the bill, that the Great Western Sugar Refining Co. was organized for the purpose of obstructing interstate trade and commerce in beet sugar by combining competing concerns and acquiring a monopoly of parts of the same—

Mr. JONES. Mr. Witness, do not answer.

Mr. DOUGLAS (continuing). And that through it, as a principal instrumentality, the defendants dominate the beet-sugar industry in the Colorado group of States and prevent effective competition, and are attempting to, and do, unlawfully restrain interstate trade and commerce and monopolize the same?

Mr. JONES. I object to the question.

Mr. GOVE. I do not know.

Mr. DOUGLAS. The witness says he does not know. How long have you been in the employ of this corporation?

Mr. JONES. I object to that question, Mr. Chairman. We have no concern with the length of his employment by a corporation that has no connection with any affairs in the Philippines.

Mr. DOUGLAS. That is preliminary to another question.

The CHAIRMAN. It may develop that it has something to do with it.

Mr. GOVE. In 1905, after being out of the business and taking a vacation——

Mr. DOUGLAS. I beg the witness's pardon; I asked him but one question: How long have you been employed by this corporation? I hope the witness will answer the question without so much detail, if you will pardon me.

Mr. GOVE. I was asked if I would go to the Philippine Islands, investigate the sugar production of the islands, and return and report my information as to the present and future of the sugar industry in the Philippine Islands.

Mr. DOUGLAS. I beg the witness's pardon.

Mr. GOVE. I can not answer the question without a preface.

Mr. DOUGLAS. Was that your first employment by the company?

Mr. GOVE. Yes, sir.

Mr. DOUGLAS. Then that answers the question. Have you continued, then, in the employment of the company?

Mr. GOVE. I remained in the Philippine Islands some six months, and having been in the school field all my life previous to that time, I was quite as much interested in education as I was in sugar.

Mr. DOUGLAS. I submit this is not in any respect responsive to my question.

Mr. GOVE. I came back and reported to the people who sent me, and told them what I thought about the future prospect of sugar in the Philippine Islands, and that was all. Then immediately came a contest in Washington, and I was asked if I would be willing to come to Washington and state before the Senate and House committees what I had learned, the same things I had stated, and I said, "Certainly, I have no objection." I did so, and from that time I have been asked to go on and remain in the field for the encouragement of the sugar home industry. I want to repeat that is all I have done; that is my business, and that is all I am here for. I do not know much about the American Sugar Refining Co., except delightful friends that I know who are with it—I do not know as much about the contests and lawsuits that have gone on as the merest clerk in the smallest one of the establishments. If there are any more questions, go ahead.

Mr. DOUGLAS. There are many more questions, but they will take a long while if in response to a simple question to you, you make a lecture on the sugar home industry of America.

The CHAIRMAN. The chair does not think the witness is subject to criticism for that answer.

Mr. DOUGLAS. I differ with the Chair; but of course I bow. Have you continued in the service or employment of that corporation since 1905 to the present time?

Mr. GOVE. I have.

Mr. DOUGLAS. Was the result of your investigation of the possibilities of sugar produced in the Philippines in a general way?

Mr. GOVE. I reported that the possibilities of an immense sugar production in the Philippine Islands had never been overstated, even by the Secretary of War, Mr. Taft, who was very profuse. I also reported that under present conditions it would be a long time before the sugar production of the Philippine Islands would be a very big factor in the sugar commerce of the world.

Mr. DOUGLAS. Did you testify before the Committee on Ways and Means, when the bill for the reduction of the tariff on Philippine sugar was being investigated by that committee, that—

The future of sugar production in the Philippine Islands is incalculable, beyond the comprehension, almost, of any man; and I know of no power that can stop it.

That appears on page 62 of the hearings, and I want to know whether you recall having so testified?

Mr. GOVE. I do not remember about the expression "no power can stop it." In a general way that was my notion; that is my notion yet.

Mr. RUCKER. Mr. Douglas, permit me to make a suggestion to you right there, that before you leave the bill from which you are quoting will you not please call the witness's attention to the fact, as well as the attention of the committee, that he now appears to be in the employ of the American Sugar Refining Co.? Because this company that he is charged with representing dominates the beet-sugar factory in Colorado, which is the owner of the majority of the stock, which appears by the bill.

Mr. DOUGLAS. If you want to testify, you may. But it does not so appear by this bill. It appears by this bill that \$23,674,000 worth of stock has been issued, of which the American Sugar Refining Co. owns \$9,224,000. The gentleman is calling my attention to a fact that does not exist; at least, according to the allegations of this bill.

Mr. RUCKER. They own 80 or 90 per cent of it.

Mr. DOUGLAS. I do not know the fact, Judge Rucker; but the bill does not so state. The bill states that there is in the neighborhood of \$24,000,000 worth of stock issued, of which \$9,000,000 is held by the Sugar Refining Co. of America, so that there is no use of my calling the attention of the witness to that, especially since he denies any knowledge whatever of its capitalization. But the bill itself shows as I have stated.

What assistance, encouragement, or help have you given to Mr. Martin in his preparation of this case against the officials of the Philippine Islands?

Mr. GARRETT. Mr. Chairman, I shall object to that question. I have no idea what his answer will be, but I absolutely do not see how that is proper.

Mr. DOUGLAS. I will state for Mr. Garrett's benefit what I think the pertinancy of it is. I submit that if it can be made to appear that this whole resolution offered by Mr. Martin, his charges made on the floor of the House, under which this investigation was begun and instigated, arose from or has been encouraged by the combine in this country known as the beet combine, the Great Western Co., that that ought, as a matter of common fairness, to be brought out in this investigation. That is the purpose of it.

The CHAIRMAN. Repeat the question, Mr. Stenographer.

(The stenographer repeated the question as follows:)

What assistance, encouragement, or help have you given to Mr. Martin in his preparation of this case against the officials of the Philippine Islands?

Mr. GOVE. If there has been any assistance, I do not know how to define it. It should be understood, in the first place, that the beet-sugar interests have no part—I am telling you what I know—the beet-sugar interests with which I am in touch have no part or sympathy with this investigation, or these resolutions. That may be said very emphatically. If I have assisted Mr. Martin, of whom I have become very fond, it must have been by sympathy and pleasant meetings. So far as giving him assistance is concerned, I am unconscious of giving him any assistance except the assistance that one good fellow gives another good fellow when they are both good fellows to each other. Those are my relations to Mr. Martin.

Mr. DOUGLAS. If you are through, I will ask you, how many of these pleasant meetings have you had with Mr. Martin during the course of this investigation, to the best of your recollection?

Mr. GOVE. We have been to the theater together; I think we have dined together. I can not tell you about how many. About the same, I think, as with some of the other members of your committee, with whom I am somewhat intimately related about the same thing.

Mr. DOUGLAS. I referred, especially, to meetings at which you were, or might have been, of assistance to Mr. Martin in connection with these hearings; not visits to the theater and purely social visits.

Mr. GOVE. I have had no other meetings with Mr. Martin, so far as I know, except meetings that were impelled and instigated by pure social impulses.

Mr. DOUGLAS. Did you testify before the Taft commission that appeared in the Philippine Islands while you were there?

Mr. GOVE. No, sir; I was invited to.

Mr. DOUGLAS. Why did you not?

Mr. GOVE. Because I did not know enough to tell anything.

Mr. DOUGLAS. How long were you in the Philippine Islands?

Mr. GOVE. About two or three months.

Mr. DOUGLAS. What parts of the Islands did you visit?

Mr. GOVE. More time was spent on Negros and Panay than any other places.

Mr. DOUGLAS. Did you visit Mindoro?

Mr. GOVE. No, sir.

Mr. DOUGLAS. What employment or connection have you with any of the cane-sugar interests of Louisiana?

Mr. GOVE. I feel myself very nearly related with the cane interests of Louisiana, but not in any direct way; that is to say, I have no especial correspondence with them.

Mr. DOUGLAS. I did not ask that; I asked as to your employment by them.

Mr. MADISON. Were you employed or paid by them?

Mr. DOUGLAS. Were you employed in any way by the cane interests of Louisiana?

Mr. GOVE. Do they hire me; is that what you mean?

Mr. DOUGLAS. "Employ" may mean "hire," I imagine; it has some such significance.

Mr. GOVE. No; they are not paying me any part of my income.

Mr. DOUGLAS. It is, then, the beet interests of the West?

Mr. GOVE. No, sir; the beet interests of the country.

Mr. DOUGLAS. Of the country, yes; that employ you?

Mr. GOVE. Quite as much in Michigan as California.

Mr. DOUGLAS. Has the Great Western Co. any beet interests in Michigan that you know of?

Mr. GOVE. No business interests, so far as I know. They might have them and I not know anything about them.

Mr. DOUGLAS. I believe that is all, Mr. Chairman.

The CHAIRMAN. Have you had any correspondence with anybody in Boston relative to this inquiry?

Mr. GOVE. No, sir.

The CHAIRMAN. Or this pending resolution?

Mr. GOVE. No, sir.

Mr. JONES. Mr. Chairman, now that the testimony, or statement, whatever you call it, of this witness is all in, I think it must be perfectly clear to the committee that it has no relevancy to the matter under investigation, and I move that it be stricken from the record.

The CHAIRMAN. Mr. Jones moves that the testimony of the witness be stricken from the record.

Mr. DOUGLAS. I sincerely hope that will not be done. It strikes me that the testimony is very relevant; that the combined beet-sugar interests of the country have kept a representative at these hearings right along. I submit that that fact of itself is a very significant one in connection with these hearings.

The CHAIRMAN. The Chair will put the question, if you desire, Mr. Jones.

Mr. MADISON. On what grounds do you make that motion, Mr. Jones?

Mr. JONES. I make the motion on the ground that nothing that has been said, no question that has been asked, no reply to any question that has been asked, has any bearing in the most remote degree upon the subject that this committee is specifically charged, under this resolution, with investigating; it has nothing whatever, so far as I can see, to do with the subject matter of our investigation. Any corporation in the United States, if the room would hold its representatives, would have the right to have them here listening to what has been going on. This examination has not been conducted in executive session; it is open to the public, and any and everybody has had the right to be present. If the committee had gone to the Philippine Islands there might have been, and doubtless would have been, hundreds who would have attended its session for one reason or another, but their attendance upon the hearings would certainly have furnished no reason why they should all have been made to give irrelevant testimony. So I think we ought not to cumber the record with this sort of stuff, and I move to strike it from the record.

Mr. PARSONS. I would like to ask the witness a question. Who was the other gentleman out in the Philippines at the time you were out there?

Mr. GOVE. Mr. Hathaway.

Mr. PARSONS. Is he employed the same as you are, only by the beet-sugar interests?

Mr. GOVE. Mr. Hathaway was a chance acquaintance. I never knew him, never saw him, never heard of him until I was on the steamer starting for the Philippines. Then he introduced himself

to me and said he was going in the interest—he was with one company then, perhaps.

Mr. PARSONS. The Michigan company. He came back on the steamer with me that year and I was wondering whether he represented only the Michigan company—he told me he represented one or more Michigan companies—or whether he represented all the interests that you did.

Mr. GOVE. I think not. I traveled with him a little, but we were not together very much. He seemed to have the ability to learn a great deal more than I did about business methods, and so forth. But I want to say, Mr. Chairman, that I regard myself almost purely as a missionary. I think my duties and my work were, and are yet, purely as a missionary for the production of home sugar.

Mr. PARSONS. Mr. Hathaway appeared before the Ways and Means Committee, did he not?

Mr. GOVE. He did some time ago; in the last few years.

Mr. PARSONS. Did he appear there for the interests you represent, or just representing his particular Michigan Co.?

Mr. GOVE. As I recall it, I should say he was on the stand in a general way.

Mr. DOUGLAS. Is he another missionary?

Mr. GOVE. When I said "missionary," Mr. Douglas, I meant that I had seriously and absolutely abstained from any business or political considerations except for the protection of the industry.

Mr. RUCKER. Mr. Chairman, as somewhat governing my vote that is about to be cast, I would like to ask the witness one question. Major, do you know in any way that it is a fact that the citizens of Colorado own from only eighty to ninety thousand dollars' worth of the stock of the Great Western Beet Sugar Co.?

Mr. GOVE. I know nothing; I have not a particle of knowledge as to the stock interests of the company, or the other company.

Mr. RUCKER. You have seen that statement, have you not, published of your company to that effect?

Mr. GOVE. Which company?

Mr. RUCKER. The Great Western Sugar Co.

Mr. GOVE. No; I do not think so. I have avoided those things on principle, anyhow, always. I have a notion that the last letterhead that I noticed contained the directors of this company, this one company, the Great Western, and, as I remember it, they were all from Colorado. Most of them were, anyway.

Mr. RUCKER. I am speaking of stockholders.

Mr. GOVE. I do not know anything about that.

The CHAIRMAN. You are a resident or citizen of Boston, are you not?

Mr. GOVE. No.

The CHAIRMAN. Did you state where you resided?

Mr. GOVE. I have lived in Denver 40 years.

The CHAIRMAN. I had the impression you lived in the East. Were you about to say something, Mr. Madison?

Mr. MADISON. No. But the whole thing has rather appealed to the humorous side of my nature.

Mr. DOUGLAS. I thought it would strike the committee's humorous side.

Mr. MADISON. Apparently the investigation has been barren of any results.

Mr. WORCESTER. Mr. Chairman, I would like to ask a question. Major, you were kind enough to invite me to luncheon the first or second day of these hearings, were you not?

Mr. GOVE. Yes.

Mr. WORCESTER. On our way up here do you remember, in reply to some criticism I made of Mr. Martin, statements he had made in this case, saying to me that you were in a position to know of what you spoke, and that this whole thing could have been avoided if it had not been for the sale of a large tract of land for sugar growing?

Mr. GOVE. I do not remember it, but it is possible.

Mr. WORCESTER. I afterwards had the pleasure of dining with you one evening?

Mr. GOVE. Yes, sir.

Mr. WORCESTER. We discussed the possible interest of Mr. Horace Havemeyer in the Mindora estate?

Mr. GOVE. Yes.

Mr. WORCESTER. Did you say to me at that time that the beet-sugar interests of this country were bound to oppose the acquiring of such a tract of land as the San Jose estate by Mr. Havemeyer for sugar growing?

Mr. GOVE. I do not think it possible, because I never had that attitude.

Mr. WORCESTER. How were you able to make to me the first statement as to the avoiding of this difficulty, of this matter of which you spoke, and the dropping of these matters of the alleged failure to sell and lease to the tenants, and so on, if the transaction had not involved the sale of a large tract of land for sugar growing?

Mr. GOVE. I can not answer how; I can only tell you that any man of ordinary observation must know that the more tropical sugar comes into our country the less home-produced sugar will come in. That is my platform.

Mr. WORCESTER. Let me try to refresh your memory a little further relative to that statement as to the obligation of the beet-sugar growers to oppose such a transaction as the selling of the land to Mr. Havemeyer. Do you remember my saying to you that it was a little bit hard that the development of the sugar industry in the Philippine Islands should be opposed by sugar growers in this country, and your reply to me that that was business; that was the way business was done in these modern days?

Mr. GOVE. No, I do not. And if I had supposed for a minute that at a social party, at a dinner table, conversations which were repeated should be brought up at a dignified meeting like this, Mr. Worcester, I should hardly have been at that dinner, should I? That is the most astonishing thing. I am surprised beyond measure. I do not know what I might have said. I am speaking under oath now. What I am saying must be true now, so far as I know the truth.

Mr. WORCESTER. But you have no recollection of saying to me that the beet-sugar interests were bound to oppose this?

Mr. GOVE. I doubt very much if I said it. If I did, it was in a smooth, easy, laughing, joking way.

Mr. WORCESTER. That is all.

Mr. WORCESTER. No, sir; the only information we have on that subject comes from the census, and that has already been incorporated in the hearings.

The CHAIRMAN. Do you remember how many there were?

Mr. WORCESTER. I can not tell you offhand.

The CHAIRMAN. Will you make it up and give the clerk the figures?

Mr. WORCESTER. I will; yes, sir. The committee will remember that there are several small matters that I have been asked for information upon.

The CHAIRMAN. Can you tell me how many unoccupied friar lands there are remaining; approximately?

Mr. WORCESTER. I have an exact memorandum of it at my room.

The CHAIRMAN. Give it to the clerk.

Mr. WORCESTER. Yes, sir.

The CHAIRMAN. Then can you tell me in how large tracts those unoccupied lands are contained, and in what estates they are?

Mr. WORCESTER. I think we can give that information relative to the more important tracts: yes, sir.

The CHAIRMAN. That is all I want to ask. You may have answered it and I have forgotten.

Mr. Worcester later furnished the following information:

STATEMENT OF THE NUMBER OF TENANTS ON FRIAR LANDS.

As to the approximate number of tenants on the friar lands when they were acquired by the Philippine Government, the first series of leases on friar estates, which expired June 30, 1906, showed 18,685 tenants, but it is known that some of these were duplicate leases and some were also people who had been induced to go on vacant lands and who had not been original occupants, so it is estimated that the actual number of occupants at the time the lands were taken over from the friars by the Government was 16,000. This is as near an estimate as can be made.

By tenants I understand to be meant individuals who leased or purchased friar lands. The facts as to the total population living on the friar estates are obtainable from the census of 1903. They have been summarized in a table printed on page 593 of the record of these hearings, the total population being given at 163,333.

STATEMENT SHOWING THE AREA OF UNOCCUPIED LANDS ON THE VARIOUS FRIAR ESTATES JAN. 1, 1911, SHOWING THE APPROXIMATE SIZE OF THE VACANT TRACTS.

	Acres.
Binan estate, Laguna Province.....	725
The bulk of this area is in one tract in the southwestern part of the estate.	
Muntinlupa, Laguna Province.....	2,450
The vacant land lies in the southeastern portion of the estate and the great bulk of the area is in one tract.	
Santa Rosa, Laguna Province.....	1,300
Probably not over 400 acres of this is in one tract.	
Calamba, Laguna Province.....	18,450
This, with the exception of a few small tracts, consists of practically three large tracts of 5,000 acres or over.	
Naic, Cavite Province.....	9,075
This consists of practically two tracts; one in the northeastern portion of the estate of about 6,000 acres, and the other on the southern end of the estate of about 2,500 acres; the balance is in small parcels.	
San Francisco de Malabon, Cavite Province.....	13,900
Practically all in one tract.	
Santa Cruz de Malabon, Cavite Province.....	14,700
Practically all in one tract, adjoining the vacant land on the S. F. de Malabon and the Naic estates.	
Imus, Cavite.....	22,500
Practically all in one tract and adjoins the S. F. de Malabon estate.	

	Acres.
Santa Maria de Pandi, Bulacan Province.....	4, 125
This is in scattered parcels not exceeding 100 acres in any one parcel.	
Orion, Bataan Province.....	175
One parcel of about 100 acres; balance in small parcels.	
Talisay, Cebu Province.....	10, 000
This is practically one entire tract on which occupants have leased small areas here and there.	
Isabela, Isabela Province.....	48, 622
Total.....	146, 023

The above statement shows that there is vacant and available for sale or lease the following large tracts of friar lands:

Estates.	Number of tracts.	Area.
		Acres.
Isabela.....	1	48, 622
Cavite.....	1	40, 000
Do.....	1	6, 000
Laguna.....	3	15, 000
Do.....	1	2, 400
Do.....	1	700
Do.....	1	400
Talisay.....	1	10, 000
		123, 122

1 Each.

The number of leases and sales is shown, by quarters, in the following table:

Statement showing number and area of friar-land sales and leases at the end of each quarter from June 30, 1905, to Nov. 30, 1910.

Dates.	Leases, number.	Leases, area.	Sales, number.	Sales, area.	Total, number.	Total, area.
June 30, 1905.....	456	5, 074. 04			456	5, 074. 04
Sept. 30, 1905.....	2, 383	15, 949. 93			2, 383	15, 949. 93
Dec. 31, 1905.....	4, 693	23, 751. 39			4, 693	23, 751. 39
Mar. 31, 1906.....	10, 247	51, 883. 67			10, 247	51, 883. 67
June 30, 1906.....	18, 685	74, 062. 96			18, 685	74, 062. 96
Sept. 30, 1906.....	20, 445	76, 896. 82			20, 445	76, 896. 82
Dec. 31, 1906.....	21, 473	81, 538. 43			21, 475	81, 538. 43
Mar. 31, 1907.....	21, 889	87, 259. 83			21, 889	87, 259. 83
June 30, 1907.....	22, 229	89, 618. 17			22, 229	89, 618. 17
Sept. 30, 1907.....	22, 921	94, 522. 95			22, 921	94, 522. 95
Dec. 31, 1907.....	21, 963	93, 954. 96			21, 963	93, 954. 96
Mar. 31, 1908.....	22, 437	102, 137. 63			22, 437	102, 137. 63
June 30, 1908.....	20, 652	108, 945. 57	446	1, 170. 99	21, 098	110, 116. 56
Sept. 30, 1908.....	19, 841	119, 477. 86	642	2, 059. 44	20, 483	121, 537. 30
Dec. 31, 1908.....	21, 166	125, 440. 64	1, 656	6, 441. 31	22, 822	131, 881. 95
Mar. 31, 1909.....	22, 482	132, 793. 40	1, 661	6, 463. 70	24, 143	139, 257. 10
June 30, 1909.....	20, 983	118, 143. 94	5, 785	21, 203. 71	26, 768	139, 347. 65
Sept. 30, 1909.....	26, 631	129, 826. 31	6, 134	23, 228. 05	32, 765	153, 054. 36
Dec. 31, 1909 (San José sale).....	27, 938	127, 430. 67	6, 887	81, 170. 97	34, 825	208, 601. 64
Mar. 31, 1910 (Isabela lease).....	28, 410	183, 588. 31	6, 970	82, 154. 58	35, 380	265, 742. 89
June 30, 1910.....	21, 271	151, 372. 33	14, 990	125, 189. 14	36, 261	276, 561. 47
Sept. 30, 1910.....	20, 546	144, 323. 75	15, 966	132, 233. 37	36, 512	276, 557. 12
Nov. 30, 1910.....	16, 022	116, 900. 56	18, 926	149, 416. 11	34, 948	266, 316. 67

Sales not yet reported on four estates—Imus, Santa Cruz de Malabon, Santa Maria de Pandi, and Talisay-Minglanilla.

Whenever the number of leases or the area leased shows a decrease, it indicates a cancellation of the entire series of leases on one or more estates and the gradual substitution of sales certificates or new leases.

STATEMENT OF MR. MANUEL L. QUEZON, RESIDENT COMMISSIONER FROM THE PHILIPPINE ISLANDS.

Mr. QUEZON. Mr. Chairman, before the committee closes the investigation I should like very much to be allowed to make a few statements. I have been instructed by the assembly to make some statements in regard to the investigation; not to-day, but when you have another meeting.

Mr. RUCKER. Concerning this matter?

Mr. QUEZON. Yes, sir.

The CHAIRMAN. Mr. Martin, I believe you want to make some statement at a subsequent meeting?

Mr. MARTIN. Yes, sir.

The CHAIRMAN. Can you give us any idea how long you would probably take? I merely ask for our convenience in making the arrangements.

Mr. MARTIN. I suppose it might take two hours.

The CHAIRMAN. What is the pleasure of the committee as to the next time of meeting?

Mr. DOUGLAS. Two hours, did I understand, Mr. Martin, to put those additional documents in?

Mr. MARTIN. Yes, sir.

Mr. JONES. I want to state that I shall have to ask that all the witnesses who are concerned with sugar interests in the Philippines be recalled.

The CHAIRMAN. Will you name the witnesses?

Mr. DOUGLAS. Represent what industries?

Mr. JONES. The gentlemen who have testified here, those who are connected with the Mindoro Co., the owners of the San Jose estate and all their representatives. I want Mr. Havemeyer brought back here. I want to re-examine him. It has been decided by the committee that the testimony which we have just listened to is relevant as well as interesting, and I want to examine Mr. Havemeyer at length as to all that has been thus referred to.

Mr. DOUGLAS. There are only two of them who have been here, Mr. Welch and Mr. Havemeyer. Do you want them back?

Mr. JONES. I want them and their attorney, and all the others.

Mr. WELCH. Mr. Chairman, I know absolutely nothing about these matters.

Mr. JONES. You know as much as this gentleman knew, and it has been decided by the committee that his testimony was both relevant and interesting.

Mr. RUCKER. Let me suggest to Mr. Jones that if we go into the examination of the defendants in this action, should we not have some witnesses of the Government who preferred these charges?

Mr. JONES. I think that is perfectly proper.

Mr. DOUGLAS. This is all very humorous, Mr. Chairman, but I can hardly believe it is serious. I quoted a few sentences from the bill in this sugar case, which I read earlier in the winter with much interest. What has that to do with calling all the defendants in that case? It is in a Pickwickian sense, I think.

Mr. RUCKER. I think that Mr. Douglas is undertaking to show here that this investigation is instigated by the beet-sugar industry of the West. I am very much inclined to think he is altogether mistaken

about that, and hence I wanted to show to him that Mr. Gove was now an employee of the great refining company, the trust company; and if he is also there, then Mr. Martin, being one of his friends, he must stand classed on that side also. I object to having Colorado assailed in this matter.

Mr. MARTIN. I would like to be permitted to make a very short statement.

Mr. JONES. The object of that testimony, if it had any object at all, was to discredit Mr. Martin, to show that he was representing rather the beet-sugar company than his constituents.

Mr. MADISON. I suggest that we all go and get some lunch and come back and take these matters up.

Mr. MARTIN. I want to make a statement before the committee adjourns, if the committee will indulge me.

The CHAIRMAN. Will the gentleman from Kansas withhold his motion?

Mr. MADISON. Yes.

Mr. MARTIN. Mr. Chairman and members of the committee, I have not cared at any time to indulge in, in fact I will be glad to avoid, anything of a harsh or reflective nature in this investigation. I asked the gentleman from Ohio to let me see the bill——

Mr. DOUGLAS. You are quite welcome to see it; I thought you wanted to take it away.

Mr. MARTIN. Oh, no.

Mr. MADISON. It is a bill in equity, is it not?

Mr. DOUGLAS. It is the Government bill in those cases.

The CHAIRMAN. You do not object to Mr. Martin reading it while we have a little lunch, do you?

Mr. MARTIN. I do not want to read it, but in connection with the request of the gentleman from Virginia [Mr. Jones], to recall and examine these gentlemen, I want to call the attention of the committee to the fact that Mr. Horace Havemeyer——

The CHAIRMAN. Suppose you wait until we get lunch.

Mr. MARTIN. Mr. Horace Havemeyer is a defendant in that action, and I think it is my duty to attempt to establish——

The CHAIRMAN. The gentleman from Kansas moves we take a recess until when?

Mr. MADISON. One hour. You will be given your opportunity to make your statement, Mr. Martin.

Mr. MARTIN. I do not want more than a minute; but I do not care when I make this statement.

Mr. MADISON. You will be given plenty of opportunity.

(Thereupon, at 2.30 o'clock p. m., the committee took a recess until 3.30 p. m.)

AFTER RECESS.

**COMMITTEE ON INSULAR AFFAIRS,
HOUSE OF REPRESENTATIVES,
*Saturday, February 11, 1911.***

The committee met at 3.30 o'clock p. m., and the hearing proceeded, as follows:

The CHAIRMAN. Have you something further, Mr. Martin?

Mr. DE GERSDORFF. Mr. Chairman, I desire very much to take the 4 o'clock train to New York, if my attendance is not required this afternoon.

The CHAIRMAN. Do any of the gentlemen of the committee wish Mr. de Gersdorff this afternoon? If not, he may be excused.

Mr. DE GERSDORFF. Thank you, Mr. Chairman.

The CHAIRMAN. You may proceed, Mr. Martin.

Mr. MARTIN. I shall be very brief, Mr. Chairman. I wish to state that I desire to have the title——

Mr. DOUGLAS (interposing). Mr. Chairman, before Mr. Martin proceeds I want to understand the situation. Is he going to make a statement as a witness, or in what way? I think it is fair to the committee that we should know. Is he going to make an argument in the form of a statement here, or is he offering himself as a witness?

Mr. PARSONS. I understand the title was copied in full. Did they copy in the full title?

Mr. MARTIN. I do not know.

Mr. MADISON. Yes; they did.

Mr. MARTIN. Then in view of the fact that the title to this action, setting forth the names of the defendants, has been copied into the record, I wish to ask this committee to procure the information which I understand is available, which will be given to us if required, that in the case of Mr. Horace Havemeyer, who is named here as a defendant, the Department of Justice, either by itself or through the United States District Attorney for the Southern District of New York, was seeking to secure criminal indictments growing out of the customhouse frauds in the New York customhouse. If the committee will stipulate that at the time of the sale of the San Jose estate and the negotiations therefor were pending, or the Department of Justice and the district attorney's office in New York were seeking criminal indictments against Mr. Havemeyer and Mr. Senff, that will be satisfactory; but if the stipulation can not be effected, then I ask that the proper representative from the district attorney's office in New York and the Department of Justice be brought before the committee to testify as to the facts.

Mr. DOUGLAS. May I ask the purpose of such stipulation or proof?

Mr. MARTIN. The purpose is to show that at the time the San Jose estate was sold to Mr. Havemeyer and Mr. Charles H. Senff, as two of the three purchasers, the Department of Justice and the district attorney's office in New York were proceeding against those men civilly and criminally.

Mr. DOUGLAS. But what is its relevancy here? You have said you want a stipulation or the proof. Suppose the committee did agree with that, that that is the fact, what would its bearing be upon this matter?

Mr. MARTIN. That would be a matter of argument.

Mr. DOUGLAS. It is a matter of competency. If you can suggest any reason why it is competent, if it is a fact, I would be glad to see the stipulation made and save time; but I can not, off-hand, understand how it can be competent.

Mr. RUCKER. In other words, do you propose to carry knowledge to the Philippine representatives who granted this right to these people to take this land? Was there any connection between the two and the disposition of the property?

Mr. MARTIN. I propose to carry that knowledge to the officials in Washington, to the Department of Justice, to the Insular Bureau, to the Secretary of War, and to the President, if necessary.

Mr. RUCKER. I think undoubtedly they did have the information.

Mr. DOUGLAS. How would it affect this question as to the disposition of these lands?

Mr. RUCKER. I do not think it does.

Mr. MARTIN. Of course I can see where any further answer than I have already made would lead to an argument which I propose to make at the proper time, but not now.

I submit, Mr. Chairman, that this evidence, which I have substantial reasons for believing exists, ought to be procured and is readily available to the committee, just as readily available as the bill against the Sugar Trust and subsidiary concerns and personal defendants, which has been presented to the committee this morning by the gentleman from Ohio.

Mr. DOUGLAS. That is another mistake. I presented no such bill. I read to the witness certain statements with reference to his clients and asked whether he knew those things were true. I did not present the bill here at all. The information I got happened to be obtained from the bill in reading it, and Mr. Gove being here, I asked him the questions. They were objected to, and I said they were merely preliminary to something else. I intended to show Mr. Gove's connection with this company, whether these facts be true or not——

Mr. RUCKER (interposing): Mr. Chairman, Mr. Martin's proposition is simply as to one identical thing that he wants done here now, which is to have it appear that at the time of the disposition of these lands an investigation was going on in New York on the part of the Government. I do not see any objection to that, if he wants to call a witness upon that, though it looks to me like it is a matter of supererogation.

Mr. MARTIN. I will say in answer to the gentleman that I have some documentary information tending to establish these facts, but for fear that might not be considered sufficient by the committee and that the committee would not take notice, so to speak, or judicial cognizance of these facts, which I think are pretty generally known

to the members of the committee, and in view of the accessibility, the very easy availability of the proper witnesses, I thought they ought to be brought here and the facts thereby established.

Mr. DOUGLAS. May I make this suggestion? I understand you have asked permission to present certain documents to the committee as evidence before the committee. When you present any documents tending to prove this fact or that fact, then its relevancy or competency or admissibility will be up for decision before the committee and can be passed upon, and if the document shows such a proceeding was pending and there is no evidence to the contrary, then it becomes a proven fact of the case.

Mr. MADISON. What is it you want to show? I do not know that I fully understand that.

Mr. MARTIN. I want to show that at the time of the negotiations for the sale of the San Jose friar estate to Horace Havemeyer and Charles H. Senff, as two of the three purchasers, the Department of Justice and the district attorney's office in New York, either or both, were preparing to institute the proceeding embodied in this bill against them for violation of the Sherman antitrust law, and at the same time it was seeking to secure against those two men a return of criminal indictments for the customhouse frauds in New York City in the New York customhouse; that the names of these two men were disclosed to the Government in Washington and to the departments involved in the sale of this estate at this end of the line.

Mr. DOUGLAS. I imagine the committee can take that matter up later. We have it in the record now and can take it up later.

Mr. MARTIN. I do not want the committee or any member of this committee, after this hearing is closed, to say I have charged these things and made no effort to secure the evidence to substantiate them. I have some evidence that substantiates them to my satisfaction, but it might not do so to the satisfaction of the committee.

Mr. DOUGLAS. The point I am making, for myself alone, is that I am unable to see even remotely the relevancy or competency of such testimony.

Mr. MADISON. How do you claim it is relevant? If it involves a discussion, state the matter briefly.

Mr. MARTIN. It struck my mind, I will say to the gentleman from Kansas, from the start and has ever since, that it would be highly improper and entirely unusual for the Government or any department of the Government that was seeking to prosecute these men, both civilly and criminally, to grant them further concessions or permit them to make further acquirements or to be of service to them in that regard.

Mr. MADISON. Your theory being that this would convict the Government and the district attorney's office, or the attorney general's office more particularly, and the Government of the United States generally, of a wrong in that it permitted these men to acquire lands in the Philippine Islands?

Mr. MARTIN. And to extend their operations, which were presumably and primarily to be a part of the operations with reference to which it was proceeding against them. That bill there involves all the sugar interests in the United States and Hawaii and Cuba and I do not know what else.

Mr. DOUGLAS. But presumably by whom? By the country generally, or by the committee, or who? I do not see why, when the evidence clearly shows in this case—and I am not talking about what may be under the basement of the building, but there is evidence clearly before us, which shows that these three men, so far as this property is concerned, did not acquire it, either directly or indirectly or in any way whatever, for anybody but themselves.

Mr. MARTIN. The Government will probably have just as much difficulty in showing the direct connection between a lot of these defendants in this bill, too.

Mr. DOUGLAS. That all may be.

Mr. MADISON. Let us come down to the question as to whether or not it is a matter we can investigate. We are not charged with the investigation of the attorney general's office, not at all. If we go to work and report to Congress we have found the attorney general possibly guilty of something or other, they would say, "You were not authorized to investigate that; you have traveled outside of your duties." Would they not say that to us?

Mr. MARTIN. I will say to the gentleman from Kansas that when I did not get what I wanted, I took what I could get in the matter of the investigation. That was not a thing I could define and circumscribe and limit. The resolution charges the committee with the investigation of all questions of law and fact pertaining to the sale of these lands in the Philippine Islands, wherever they may be found, in the Philippine Islands, in the United States or elsewhere, and if it leads into the attorney general's office, it is just as properly a part of this investigation as if it led into the office of some insular official in Manila.

Mr. MADISON. You are right; quite right. Of course, I think you are right about that. If the scope of our investigation is so broad that we can go into the attorney general's office and investigate it in connection with this matter, of course we should do so, and I for one would be very quick to say to go.

The CHAIRMAN. Here is what the resolution says:

Resolved, That the House Committee on Insular Affairs be, and it is hereby, empowered and directed to make a complete and thorough investigation of the interior department of the Philippine Government touching the administration of Philippine lands, and all matters of fact and law pertaining thereto, whether the same are to be had in the United States, the Philippine Islands, or elsewhere.

Do you contend, Mr. Martin, that the fact the Government is trying to indict a man would render the sale of lands to him invalid?

Mr. MARTIN. I did not quite catch the chairman's question.

The CHAIRMAN. Is it your position that the fact the Government is trying to indict a man would invalidate the sale of lands to him?

Mr. MARTIN. No, sir; I could not claim, as an attorney, that it would, but I can say that it would be a most extraordinary and singular thing for the Government at the time it was proceeding against the man to investigate his activities along a certain line and punish him therefor, to assist him, apparently, in extending the scope of his operations.

The CHAIRMAN. These lands were sold by the Philippine Government. The prosecution of the persons named is by the United States Government.

Mr. DOUGLAS. And under laws of the Philippine Government that were absolutely fixed.

Mr. RUCKER. But that involves an action on the part of the Attorney General.

The CHAIRMAN. He has no action except to express an opinion. The names of the parties were not submitted to him.

Mr. MARTIN. I am not so clear about the names not being submitted to him. The names were submitted to the Secretary of War. That is shown by record evidence. The names were submitted to the President, and that is shown by record evidence.

The CHAIRMAN. The letter that was submitted to the Attorney General did not disclose the names, but presented a legal question for his determination.

Mr. MADISON. I do not want to circumscribe this investigation if it ought to be extended into this or the other matter. The language of the resolution is:

The House Committee on Insular Affairs be, and it is hereby, empowered and directed to make a complete and thorough investigation of the interior department of the Philippine Government touching the administration of Philippine lands—

That is, by the interior department of the Philippine Government—and all matters of fact and law pertaining thereto, whether the same are to be had in the United States, the Philippine Islands, or elsewhere.

The question in my mind is whether or not, in a collateral matter of this kind, we would have any right to investigate the Attorney General's conduct in the matter. We are simply authorized to investigate the interior department of the Philippine Islands touching their administration of the lands there.

Mr. RUCKER. Does not that include the action of the Attorney General's office?

Mr. MADISON. The question of law that is involved, whether or not the Attorney General is right in his interpretation of the law, is directly involved in this case; but his conduct with reference to it, or the conduct of his office is a matter that may not be within the scope of our investigation—at least, it is a matter of doubt in my mind.

The CHAIRMAN. That is probably a question we had better take up in executive session.

Mr. MADISON. I presume so.

The CHAIRMAN. Mr. Quezon, do you desire to make a statement?

TESTIMONY OF MR. MANUEL L. QUEZON, RESIDENT COMMISSIONER, PHILIPPINE ISLANDS—Continued.

Mr. QUEZON. Mr. Chairman, before entering into my statement I should ask permission to be allowed to express here all the facts that I know, which are, I must confess, very limited, with regard to this investigation and besides to be allowed to state exactly what the Filipinos think and feel with regard to this whole matter of this procedure with reference to the friar lands.

As the committee know, I am here representing the Filipinos, and in this investigation they have had no opportunity—

The CHAIRMAN (interposing). In order that the record may show, let me ask you: You are one of the Resident Commissioners of the Philippine Islands to the United States?

Mr. QUEZON. Yes, Mr. Chairman.

The Filipinos have had no opportunity of sending here witnesses, and it is apparent that the people mainly concerned in this whole investigation are the Filipinos themselves. So, as I say, I would like very much to be allowed to express not only the facts, but what I do know that my people desire with regard to this question.

Mr. DOUGLAS. In other words, your request would be not only to state any facts you know concerning the matter before the committee, but a general statement with reference to the general desires or wishes or views, as you see them, of the Filipino people with reference to the administration of the friar lands?

Mr. QUEZON. Yes, sir; and more than that, Mr. Douglas. I do not know that there will be an opportunity for me or any other Filipino—at least I am not sure—to discuss hereafter this question that is being investigated by the committee. I do not think that the matter will be later discussed on the floor of the House, and even if it should, I do not know whether I shall be able to speak there. I should like very much, even in a few words, to say what I think is the construction of the law regarding this proposition, because the committee is, after all, empowered and directed to investigate the facts of this matter and the law as well.

Mr. MADISON. I move that by unanimous consent Mr. Quezon proceed with his statement.

The CHAIRMAN. No objection seems to be offered. Proceed, Mr. Quezon.

Mr. MADISON. Make your statement in your own way as to the matters you want to talk about.

Mr. QUEZON. It is undoubtedly true, Mr. Chairman, that the people at large in the Philippines are very much against the policy of selling friar lands or public lands in larger quantities than is now provided by the organic act—that is, 1,024 hectares to a corporation and 16 hectares to an individual. There perhaps might be some exceptions to it, but I am sure that I will not make any misstatement if I say that persons who might think otherwise will be no more than 100 in the whole Philippine Archipelago. This is shown by the fact that when the Secretary of War visited the Philippine Islands the Progresistas, a party composed mainly of business men in Manila and in the other Provinces of the archipelago, joined the Nationalists, which is the party in power, in their petition or memorial to the Secretary of War, asking that the limitation imposed upon public land should not be changed.

I think there are two main reasons for the Filipinos to oppose the contrary policy. In the first place, the economic welfare of the islands at present depends entirely upon agriculture, and we do not want to have those lands held by a few concerns and have the majority of the people be nothing but mere farm laborers. We would rather have every man in the Philippines own a piece of land and cultivate it himself than to have large concerns own most of the land, the rest of the people being simply laborers. We think this will develop more substantial, conservative, and law-abiding communities.

In the second place—and this is rather a political reason—because the Filipinos think that the investment of large amounts of outside capital in Philippine lands would be a handicap to the political independence of the islands, which they so earnestly desire to attain.

I do not know personally, nor have I heard anyone specifically charge, that there has been in the administration of these lands by the Interior Department any gross fraud. But during the course of this investigation here I have learned that some of the employees of the bureau of lands have been allowed to lease public lands, and I can safely say, in my own behalf and in behalf of my people, that they are not in sympathy with any such policy. I think it very poor policy to have employees of the public-land office own, or be in any way interested in, the public lands of the Philippine Islands.

Mr. RUCKER. In that connection will you permit me to call your attention to this telegram, referred to by the chairman, from the legislature over there, wherein they exonerate Mr. Carpenter. He is the only one——

Mr. QUEZON (interrupting). He is not an employee of the public land office.

Mr. RUCKER. Who else do you refer to?

Mr. QUEZON. The assistant director of lands, the man next to the director of lands.

Mr. RUCKER. Mr. Wilson?

Mr. QUEZON. Yes, sir.

Mr. PARSONS. He has a lease.

Mr. QUEZON. He should not be allowed to have any personal interest in public lands, nor should those who are occupying similar positions.

The CHAIRMAN. Not anything at all in the way of land ownership?

Mr. QUEZON. In public lands, Mr. Chairman, no personal share or interest whatever should be permitted to those officials who are in charge of the administration of the public domain, because whether there is any wrongdoing or not, such a policy would both permit of it and be even a direct temptation to it. This fact is well recognized in the United States, so I am informed. I think, in other words, the Government should avoid all opportunity for criticism.

The CHAIRMAN. You would not object to an employee in any one of the departments holding any land or enough for a home, at least?

Mr. QUEZON. I do not know about that, Mr. Chairman.

Mr. MADISON. In order that I may understand your position, it is that the public lands should not be disposed of directly to persons who are in the public land bureau?

Mr. QUEZON. Yes, sir.

Mr. MADISON. Those who are administering the laws with regard to the public lands?

Mr. QUEZON. Yes, sir.

Mr. MADISON. You, of course, do not have any objection to Mr. Wilson or Capt. Sleeper or anyone else in the bureau of public lands buying land of private parties?

Mr. QUEZON. No.

Mr. MADISON. For homes or farms?

Mr. QUEZON. No, sir.

Mr. MADISON. It is simply the acquisition of title to or interest in public lands?

Mr. QUEZON. Yes, sir.

Mr. MADISON. That is your position?

Mr. QUEZON. Yes, sir.

Mr. RUCKER. You mean wherein they might have a voice in the determination of the matter of giving the title. Is that your idea?

Mr. QUEZON. Yes, sir.

Mr. PARSONS. I wish you would enlarge a little on the first point that you made and let us know in that connection what are your views about the economic development of the islands, whether it is desirable, and just how it should be brought about. If you have defined ideas on that, I should like to hear them.

Mr. QUEZON. I am in favor of the proper economic development of the islands, Mr. Parsons, and you will find that all my countrymen are likewise in favor of the proper development of our natural wealth. In the assembly we passed unanimously a bill giving a franchise for a railroad, for a system of railroads through the island of Luzon and the southern islands. With respect to our agriculture, we believe that its proper development does not require the owning of large tracts of the public domain by outside corporations.

Mr. PARSONS. You mean in greater tracts than 1,024 hectares?

Mr. QUEZON. Yes, sir. In the development of the sugar industry the Filipinos themselves are very interested; in fact, the assembly was willing to appropriate ₱1,000,000, or \$500,000 in gold, to encourage this industry—in other words, to vote that money to help establish a sugar mill or “central,” and to have that mill in the island of Negros, where we have large quantities of sugar lands owned by private individuals. Perhaps, even if this Mindoro corporation had gone to Negros and there established its sugar mill, there would have been no objection; but we certainly do not want any outside corporation to be both the owner of the land and of the sugar mill which grinds the product.

I am talking from the standpoint of the Filipinos. I know that the assembly would prefer to make loans to some native concerns so as to enable them to put up a sugar mill in Negros, or in other places where we have sugar lands privately owned, than to permit it to go to a part of the islands where there are no Filipino landowners and there establish, in but slightly changed form, the very system of peonage against which I heard so much criticism during the past few years.

Mr. PARSONS. I want to get a little off of the present to get at the policy of the future. Is there a feeling there against large ownership of land by individuals as well as Filipinos or foreigners or Americans?

Mr. QUEZON. Yes, sir.

Mr. PARSONS. Against anybody having large ownership in land?

Mr. QUEZON. Yes, sir. I think if that was put in the hands of the Filipinos themselves, they would hesitate to permit even a Filipino to become the owner of enormous tracts of public lands.

Mr. PARSONS. How about leasing considerable tracts for 20 years or something like that, so that the Government would retain control of the land—I mean could get it back after a while, but allow the lease to be long enough to fully develop the land. Is there any discussion on that?

Mr. QUEZON. There has been no discussion of that at all. I do not see that there is any use in saying what I think myself about it.

Mr. MADISON. You discriminate between the ownership of the factory by aliens and the ownership of the land?

Mr. QUEZON. Yes, sir.

Mr. MADISON. In other words, if Mr. Welch had gone there with his associates to establish a factory to manufacture sugar from the sugar cane, which cane was produced by your own farmers, you would have welcomed him?

Mr. QUEZON. Perhaps. We are looking for, and now trying to get, somebody to establish sugar mills there in the Philippines. We want to have the sugar mills; but we want those mills precisely where we have our private-land owners producing cane. We do not want them where the factory owners are going to be also the owners of the land. The difference seems to me perfectly clear.

The CHAIRMAN. I quite agree with that view that it would be better for the country generally if one concern should own the factory and small owners own the land; but these factories, as it develops in the testimony, are expensive propositions, one involving expenditures of \$1,000,000. Would anybody ever make such an expenditure for a factory if he did not own such land or so control it that he could insure himself an adequate supply of cane for the factory?

Mr. QUEZON. I do not know, Mr. Chairman, that there would be any real difficulty on this score; but if we were put to the alternative of having factories as they are now in Mindoro—I am expressing the views of my people—and having the factory owners own the land at the same time, or not having them at all, we would rather not have those factories. We are prepared to guarantee the income of those corporations, under proper restrictions, which would establish mills, as we are guaranteeing the income of the corporations which are building the railroads. I know that this is the view of at least some prominent Filipinos.

The CHAIRMAN. You are in favor of having the Filipino Government guarantee the stocks and bonds of these corporations?

Mr. QUEZON. I know that some members of the Philippine Assembly think in that way. They would rather do that than to have capital go to some place where——

Mr. PARSONS (interposing). If this experiment in Mindoro is successful is it not likely it would induce people to build a factory in Negros, so as to manufacture the cane of the sugar growers there? Will not the law of limitations apply? If this thing is successful, factories will go up all over the islands wherever there is a sufficient quantity of cane; and is it not the start of the thing that is essential? Do you not think, if it is shown economically profitable to build a factory anywhere, that factories will be built in other places?

Mr. QUEZON. Perhaps that is true, Mr. Parsons; but as I said, if there were to be the alternative of having factories owned by outsiders who will be owners of the land in the same time or not to have them at all, the Filipinos would rather not have them. That is their feeling.

Mr. DOUGLAS. Is it not true the experience of the world has been that no concern will go to the enormous expense that is necessary in the building of a modern sugar factory unless they are assured of a certain quantity of cane to operate it off of their own land? Is not that true in Hawaii and Cuba and Louisiana and every place else in the world?

Mr. QUEZON. Yes, sir; but at the same time the large amount of land that is connected with those factories is owned by private indi-

viduals; whereas in this case in Mindoro there are no individuals owning any part of the land, but the whole of the land is owned by the owners of the mill.

Mr. RUCKER. In that connection——

Mr. PARSONS (interposing). Just a moment. The individuals who own the factory, or who own the stock of the factory corporation, are the people who own the land, and to a certain extent it is the same as if people in Negros or the sugar sections there would combine and put up their own money for a factory. I understand the reason they have not done that is because they did not have the money and could not get it.

Mr. QUEZON. It is true they did not have the money, and it is true they will do it as soon as they can get the money. That is why it is not necessary to have the "Sugar Trust" or any other trust go to Mindoro.

Mr. JONES. The whole point, as I understand it, is that if these capitalists or any others had gone to Negros, where the people own large quantities of sugar land, they could have gotten all the cane they wanted from the owners of the land to run their factories.

Mr. QUEZON. Yes, sir; and I might add this——

Mr. DOUGLAS (interposing). You understood, Mr. Jones's question? You have not yet said, to my knowledge, there was plenty of sugar cane conveniently located in Negros to run a large factory.

Mr. PARSONS. Oh, but there is.

Mr. JONES. There is no question about that.

Mr. QUEZON. We can supply sugar there to three or four large factories.

Mr. DOUGLAS. I am glad to have the information, for I did not know that.

Mr. QUEZON. I want to add this: Before leaving the islands I heard that the assembly was thinking of assisting in the establishment of factories and having somebody to build a factory there in Negros or wherever there are privately owned sugar lands; and as to the sugar growers of Negros, every landowner there subscribed to a contract promising to give to the factory all the sugar cane that they raised, if a mill should be located in Negros. Mr. Rosales, the manager of the Tabacalera Co., which owns sugar lands in Negros, has in his possession those contracts.

Mr. RUCKER. Were the conditions with reference to fuel and with reference to water transportation such as would reasonably induce capital to build that kind of a factory?

Mr. QUEZON. There is no question, sir, about it. I know that some people have studied the question, and they say that if the Government should give 600,000 pesos (\$300,000 gold) in bonds to aid the establishment of the factory, they could pay the same back to the Government in three years and still make every year from 12 to 20 per cent profits.

Mr. RUCKER. In Mindoro there is a lot of land that is adjacent to this land, contiguous and near enough to this mill in question. Why do not people settle there in that section of the country and take up this public land, so they could avail themselves of the opportunity for the sale of their cane there?

Mr. QUEZON. Because they have good sugar land in Negros and anywhere else.

Mr. RUCKER. But this is good sugar land contiguous to this mill that is just about to be put up; is not that true?

Mr. QUEZON. Yes, sir.

Mr. RUCKER. They would have a market for their sugar also, would they not?

Mr. QUEZON. I should think they would.

Mr. RUCKER. Do you take into account the testimony given by these millmen that they expect their profits out of the manufacture of sugar instead of the raising of cane?

Mr. QUEZON. I do not quite understand the question, sir.

Mr. RUCKER. Their testimony here is that these Mindoro people expect their profit out of the milling of the sugar rather than the raising of the cane.

Mr. QUEZON. Yes; and for that very reason I am so surprised that they did not go to Negros, where all they had to do was to grind the sugar. If their contention is sincere in this, why do they spend money in buying land in Mindoro instead of going to Negros and spending their money there merely in establishing a mill? They would thus be devoting themselves only to the manufacture of sugar, and that in a locality where they would not have to raise any sugar cane, but where it would be furnished to them in abundance.

Mr. RUCKER. You think, therefore, their claim that they wanted an assurance that they would get sufficient cane to make into sugar is not well founded? You think their claim that they wanted this land for the purpose of assuring enough product to come to their mill to justify the building of such a mill is not a good claim?

Mr. QUEZON. It seems to me specious, because we have in the Visayan Islands plenty of land, not only enough for one sugar factory, but we actually produce enough sugar cane to furnish a mill of this size and two more besides.

Mr. PARSONS. I understood you to say that this Mr. Rosales said that if the money were expended for a sugar factory in Negros it would be guaranteed that in three years they could make money enough to pay that money back, and in addition make dividends of 12 to 40 per cent?

Mr. QUEZON. Twelve to twenty per cent; yes, sir.

Mr. PARSONS. If there is that much money in it, how is it possible that nobody has built a sugar factory there? If it is such an open-and-shut game as that, how is it nobody has taken advantage of that opening?

Mr. QUEZON. I do not know, but I think somebody will do it sooner or later, and that is one reason why I do not see the necessity of having sold the friar land in Mindoro with the pretension that it would be a good example.

Mr. JONES. You think the mill would have been established in Negros within two years?

Mr. QUEZON. I think so; yes, sir.

Mr. JONES. And you think the Philippine people would prefer to advance money to aid in the establishment of a mill and to guarantee dividends on the money so loaned rather than to have outside capital buy large tracts of land to support mills that it might erect?

Mr. QUEZON. Yes, sir.

Mr. DOUGLAS. You gave two reasons why they objected to having lands held in large quantities. The first one I want to speak about again. But is it not true that it is rather the political reason that influences you to say that the Filipino people would prefer to have no sugar factory at all than to have Americans come in and make large investments in Mindoro and own both the lands and the factory?

Mr. QUEZON. Yes; I will not, however, attempt to state just what part this political influence has played in the minds of the Filipino people; but I know that one of the reasons why the Filipinos are law-abiding people is because they are to a large extent small but individual property owners rather than mere farm hands. We know, therefore, by practical experience how good for the community it is to have everybody owning his own land. In my own Province of Tabayas there is an instance which I will give. I believe that that Province is among the most prosperous Provinces of the Philippine Archipelago; that its people are among the most peaceful and devoted to their homes and their works; and the main reason is that in that Province almost everybody owns his land, generally in small quantities. We do not have any very rich people there. This is not the same condition as exists in Negros, where there are large landowners. In Negros you will find people who are rich, quite rich, which we do not have in our Province of Tabayas, but you will find at the same time that the poor classes in Negros are very poor—men who are practically without homes of any kind. In my Province you do not find that. Everybody has his home and his carabao and his own little piece of land.

Mr. DOUGLAS. I think we will all agree, Mr. Quezon, that the world universally recognizes the advantage of that. It is not only that it is recognized in the Philippines, but in America, and in every country it is recognized that it is more desirable for the country that as many people as possible should have an interest in the country by the ownership of land. That is universally conceded. But admitting that, which we all admit very freely, I understand you to say that agriculture being the main dependence of the island, and necessarily so, you are desirous and the Filipinos whom you represent are desirous that as many people as possible shall own that land. Did you hear the testimony of Capt. Sleeper and others with reference to the amount of public domain unoccupied in the Philippine Islands?

Mr. QUEZON. Yes, sir; and I know the amount. Out of 73,000,000 acres of farm land, 7,000,000 acres are owned by private ownership.

Mr. DOUGLAS. Or occupied and cultivated?

Mr. QUEZON. Yes.

Mr. DOUGLAS. So there is ten times as much land open for cultivation as is at present cultivated?

Mr. QUEZON. Yes, sir.

Mr. DOUGLAS. Do you know the amount of public land unoccupied and the amount of friar lands unoccupied?

Mr. QUEZON. Yes.

Mr. DOUGLAS. As compared to the amount of public lands unoccupied, the amount of friar lands unoccupied is infinitesimal, as I understand it.

Mr. WORCESTER. I have discounted some 23,000,000 acres of land that might at least be claimed by private individuals if they asserted

their rights. Out of an area of 50,000,000 acres the total area of friar lands of all kinds is only 400,000 acres, of which a very large part is occupied.

Mr. DOUGLAS. What I want to call Mr. Quezon's attention to is this fact, that the amount of friar lands unoccupied and unsold, or, rather, that the total amount of friar lands not sold to Filipinos is very, very small as compared with the enormous amount of public land that is for sale and which is entirely and unquestionably permitted by the organic act, and therefore when it is true that the Filipino people or the government of the Philippines have incurred for the purchase of these lands, for purely political purposes and reasons, a debt of \$7,000,000, what can be the objection, even admitting fully the desirability of having as many people own land as possible—but where there is such a small portion of friar lands, do they not recognize the good policy of selling that in any quantity for the purpose of getting rid of a burdensome debt which is constantly increasing?

Mr. QUEZON. I think, Mr. Douglas, to answer that question properly I should be allowed to make some explanations.

Mr. DOUGLAS. That is the whole point of this investigation.

Mr. QUEZON. In the first place, I want to say that it is a question of consistency. My people think that if it is bad policy to sell in large tracts the public lands, it is equally bad policy for the public lands called "friar lands." I think that we can claim to be consistent in that respect.

In the second place, it is because of their fear that this might be the beginning of an entirely new policy in dealing with the Philippine public lands. If my people should not object to having the friar lands sold in the large quantities in which they have been sold, it might be understood as a disposition on the part of the Filipinos to accept that policy as a sound one.

The third reason is this: The main object in buying these friar lands, as we all know, was not to get back the money which has been spent by the Government in the purchase, because if that was the reason the easiest way of doing it would have been not to buy the land at all. It was the intention in acquiring them to settle once for all time that agrarian question which arose in the Philippines between the friars and their tenants.

Mr. DOUGLAS. That I would call a political question rather than an industrial question.

Mr. QUEZON. I do not believe we should quibble about descriptive terms. It is a question of fact rather than of name.

The Filipinos have had a very sad lesson from the large ownership of lands. It is true that the original object of the struggle against Spain was not to absolutely cut the connection between Spain and the Philippines, but to remedy a number of injustices which were being done to the Filipinos by those large landlords in the islands, the friars. Mr. Taft and the American Government saw plainly that the only way of successfully handling that question was to get those large landowners out of the situation by buying the land from them and selling those lands on easy terms to the tenants. It was never considered that it was necessary to buy those lands which were unoccupied. Still it is claimed that they had to be bought in order to obtain those which were occupied.

Mr. MADISON. Do you think that is not true?

Mr. QUEZON. I do not think it is, for this reason: The law which gave the Philippine Government the right to purchase those lands gave the Philippine Government the right to acquire those lands through the courts by expropriation, so that if the friars had actually refused to sell these lands, they could have been brought before the courts and their lands have been expropriated.

Mr. MADISON. Let me ask this question, and I am asking purely for information——

Mr. DOUGLAS (interposing). I want to pursue this inquiry a little further, if you will permit me. I can not of course stop the witness when he goes on much further than my question requires.

Mr. QUEZON. If I am going much further, I would rather be stopped.

Mr. DOUGLAS. I want to go back and take up in order the reasons you gave why you think, in spite of the fact that so small a part of the public domain was friar land and so great a part was public land, about the sale of which in small quantities there is no question, this matter should be handled in the way you suggest. Take up your reasons in order and discuss them.

Mr. QUEZON. Let me say a few more words about that other statement. If the intention of the Government in buying those lands from the friars was to avoid the ownership of very large tracts of land, why are you going to sell them again in very large quantities?

Mr. RUCKER. Were they not offensive landlords? Did they not object to them politically? Instead of confining it to simply the ownership of so much land, is it not a fact they were offensive owners?

Mr. QUEZON. Those friars, after all, occupied very much the same position of influence with the Spanish Government that these large corporations and trusts will eventually occupy with the Government of the Philippines.

Mr. DOUGLAS. The first reason you gave was that the Filipino people desired to be consistent; that if they objected to the sale of large tracts of public lands they ought also to object to the sale of these large tracts of friar land. Still, that is no real reason, as I think you will admit. It is not a reason; it may be a sentiment, but it can not be in any respect a reason against the sale of friar lands to procure a return of the money used in their purchase.

Mr. JONES. May I suggest that that is an argument you are presenting, rather than a question?

Mr. DOUGLAS. I quite agree with you, and I do not ask it in the form of a question, but state it to call attention to the fact that, whether or not the policy is wise or unwise, consistency in opposing one as against the other is no argument for them against the wisdom of selling the friar lands; but I will not press that.

Coming now to the second reason which you gave for the feeling in the archipelago against the sale of friar lands in large quantities, although so much public land remained to be occupied, that reason was that you thought it might be the beginning of a new policy, an entering wedge for carrying on the same operations upon the public land, and that therefore they felt called upon to protest. But if, under the law, it is impossible for it to be the entering wedge; if the Filipino people recognize the fact that the friar lands stand upon one footing, entirely different from the footing on which the public lands stand, and that therefore the sale of friar lands in large quanti-

ties can not under any circumstances be used as a precedent in selling the public lands in large quantities, why do they fear it as an entering wedge?

Mr. QUEZON. Because you can amend the law which governs the public lands.

Mr. DOUGLAS. You can not amend it without the consent of the Filipino Legislature?

Mr. QUEZON. Why, I think you can. You can do it.

Mr. DOUGLAS. Oh, you mean Congress will do it?

Mr. QUEZON. Yes. Congress can do it.

Mr. DOUGLAS. Oh, well, that is another thing.

Mr. JONES. That is being agitated now.

Mr. DOUGLAS. I do not think you have any special fear, have you, that the Congress of the United States will throw open the public lands, when they have already expressed their views in the organic act, in which that matter is carefully protected?

Mr. QUEZON. I am sorry to say that I really do not know how Congress may feel in the future about it.

Mr. DOUGLAS. Do you not know as expressed in the organic act, which was passed by Congress?

Mr. QUEZON. Yes, sir; but, as I have said before, I do not know whether Congress will amend that act. Congress has amended the organic act several times in some respects, and may do so again with regard to public lands.

Mr. DOUGLAS. But until it is amended, there is no possibility that that which you fear can be done.

Mr. QUEZON. I hope that you are right in that statement. That is what my people wish.

Mr. RUCKER. The second reason which Mr. Quezon gave was that it may postpone independence.

Mr. DOUGLAS. That was the second reason he gave why they oppose the sale of the land in large quantities, which is a different matter, Judge Rucker. I was getting at his reasons why they do not discriminate between the sale of friar land in large quantities and the sale of public land in large quantities.

Your third reason, Mr. Quezon, for not discriminating between the friar lands and the public lands was that the main object in purchasing the friar lands was not to get back the money, but to accomplish some political or industrial or social object which it was considered wise to accomplish in the islands.

Mr. QUEZON. Yes, sir.

Mr. DOUGLAS. But whether it was the main object or not, is it possible the Filipino people would rather go on forever seeing this debt increased, or pay it out of their own pockets, than see the friar lands sold in large quantities and thus be relieved of this burdensome debt?

Mr. QUEZON. That is a question which I thought would be raised, and, to be accurate, I can not answer the question positively, because it has not been presented before the Filipinos in that practical business way. But—

Mr. DOUGLAS (interposing). May I interrupt you just for one question, not an irrelevant question; but when you speak of the Filipinos, you mean the educated people in the cities, and so forth?

Mr. QUEZON. Yes, sir.

Mr. DOUGLAS. Among the country tribes there is not one in a hundred men, I suppose, that knows or thinks anything about the question?

Mr. QUEZON. I have been traveling with the Secretary of War, Mr. Douglas, during his recent trip in the Philippines, and I can affirm here that I met in every town we visited people who talked to me with regard to this question.

Mr. DOUGLAS. Oh, yes; some people, possibly.

Mr. QUEZON. Many of them, because this question has been discussed publicly over there.

Mr. DOUGLAS. All right; go ahead with your answer.

Mr. QUEZON. This question in that particular form has not been brought before the Filipinos, or at least before the assembly—I mean, whether they would rather pay from their pockets this money which has been spent to acquire these friar lands than to have them sold in these large tracts. It has not been brought up. But the assembly has just passed a resolution, unanimously, which opposes the selling of large tracts of these public or friar lands to any individual or corporation. I give to the assemblymen of the Philippines credit for knowing what they wish and when they do something for realizing the consequences of their acts, and it is natural to assume, therefore, that they know very well that as a result of that resolution they will have to pay from the pockets of the Filipino people for such land as is not eventually sold.

The CHAIRMAN. Has there been any bill introduced in the Filipino assembly to restrict the amount of land which could be sold to an individual or corporation?

Mr. QUEZON. It has passed a resolution, a copy of which has been sent to the Speaker, and the Speaker referred it to your committee, and it is in your possession now, which opposes the selling of larger tracts of friar lands than 1,024 hectares.

The CHAIRMAN. That is a resolution expressive of their sentiments?

Mr. QUEZON. Yes, sir.

The CHAIRMAN. But has there been any law or bill introduced to restrict the sale of land in the way I suggested?

Mr. QUEZON. No; because in the first place, they seem to doubt whether it is in their power.

The CHAIRMAN. But it is in their power. They can restrict it to an acre to each purchaser if they want to. The organic act of 1902 says the lands shall be sold on such terms and conditions as the Philippine government shall prescribe.

Mr. QUEZON. But, Mr. Chairman, what we seek is not a further restriction of these quantities, but that the limitations shall not be enlarged.

The CHAIRMAN. But nobody doubts the construction which would give to the Philippine Legislature the power to restrict the sale to 1 hectare to an individual, if they chose to do so; but they do not seem to do it.

Mr. JONES. But you have not contended there ought to be any further restrictions. You simply contend there ought not to be any further extension.

Mr. QUEZON. We do not want to have any further changes. We should be as strongly opposed to enlarging it as to restricting it. Nobody would be able to do anything there then. We are not against the development of the country.

Mr. PARSONS. The friction that makes it desirable to acquire the friar land was the friction between the friars and their tenants, was it not?

Mr. QUEZON. Yes, sir.

Mr. PARSONS. Therefore it related to occupied land?

Mr. QUEZON. Yes, sir.

Mr. PARSONS. And would not that have been overcome if there had been bought from the friars simply the occupied lands?

Mr. QUEZON. Yes; certainly.

Mr. PARSONS. But the friars were unwilling to sell those alone; they wanted to sell the whole of the estates.

Mr. QUEZON. I understand that is the case; yes, sir. I contend, however, that in such case the occupied friar lands could have been expropriated.

The CHAIRMAN. Through condemnation proceedings, you mean?

Mr. QUEZON. Yes.

Mr. PARSONS. Would not the object have been attained if you turned over the occupied lands to the occupants, even if the unoccupied lands should be sold in large quantities, and in that way the indebtedness cleaned off?

Mr. QUEZON. No, sir.

Mr. PARSONS. I understand the situation to be that there have been sold or contracted for 330,000 hectares, of the value of \$5,500,000; that there are vacant and unsold 60,000 hectares, of the value of \$2,100,000. If so much of these unsold lands as are occupied lands go to the occupants of the lands, the object that is sought would have been accomplished?

Mr. QUEZON. I think if these unoccupied lands are sold in large quantities we simply renew the same difficulty which we had before, because these new owners would own as large tracts of land as the friars then owned, and sooner or later the man who buys these lands will try to install a more or less modified system of peonage. They will not have the land or keep the land without tenants, and we will renew the same trouble which we had with the friars—that is, between the friars and their tenants.

Mr. MADISON. In saying that you are assuming that these men will be the same offensive landlords that the friars were; but does that necessarily follow?

Mr. QUEZON. I do not assume anything. I prefer not to make an invidious comparison in this case.

Mr. RUCKER. He says one is as objectionable as the other.

Mr. MADISON. I am asking for information now, because I assume you know these men much better than I. Is it not true that the difficulty between the friars and their tenants arose out of the fact that the tenant felt at first that the friars were oppressive landlords; second, were there not a great many instances in which the people claimed they had better title to the lands than the friars?

Mr. QUEZON. Yes; the second reason is true.

Mr. MADISON. Both reasons applied, did they not? Both reasons were objections on the part of the people; that is, first, where they were accepted as landlords they were oppressive landlords; and, second, there were many instances in which the tenant denied the title of the landlord and claimed as a matter of fact he had better title than the landlord to the land?

Mr. QUEZON. That is one of the reasons, that the tenants thought they had better title than the friars.

Mr. RUCKER. Then you think if they had gone into court the tenants would have won against the friars, whereas they could not win as against these new purchasers? Is not that your proposition?

Mr. QUEZON. No, sir; I mean the Government could have gone into court.

Mr. MADISON. The Government could have forcibly evicted these people?

Mr. QUEZON. Yes, sir. I want to answer your question——

Mr. MADISON (interposing). I want to develop that as a matter of information.

Mr. QUEZON. As a matter of fact.

Mr. MADISON. Yes; but it is information for me as well as fact, because I do not know the fact.

Mr. QUEZON. I was going to say this: There is another very important reason in that question. The friars were really a part of the government.

Mr. RUCKER. A part of the Spanish Government?

Mr. QUEZON. Yes; of the Spanish Government. They had a most decided influence in those communities where they were landowners. The fear of the Filipinos now is that if these lands are bought by men who are rich, influential men here in the United States, they will exercise the same kind of influence with this Government that the friars had been exercising with the Spanish Government.

Mr. DOUGLAS. The Government there or here?

Mr. QUEZON. The Government there and here.

Mr. DOUGLAS. Exercise an influence on the Government of the United States and of the Philippines?

Mr. QUEZON. Yes, sir.

Mr. JONES. And they will, too.

Mr. RUCKER. That brings me to a question with reference to what I think you recorded here as being your second reason.

Mr. QUEZON. I am simply saying what I think, Mr. Douglas.

Mr. RUCKER. I have you recorded as giving as a second reason for your objection to the holding of these lands by large owners over there that it would further postpone the possibility of the independence of the islands.

Mr. QUEZON. Yes.

Mr. RUCKER. I would like to hear what you have to say about that, because that was the second reason you gave.

Mr. QUEZON. Perhaps I could put it in this way: The Filipinos think that in some way or another there has been a promise made to them that they shall be given independence. This promise went a long ways to assist in bringing peace and public order in the Philippine Islands. The Filipinos thought, and they still think that in supporting the American Government in the islands, as they are now doing, they are helping out the fulfillment of this promise of independence. I want to say right here that the Filipinos really want to be independent.

This is the unanimous voice of the country to-day. In this connection the Filipinos are afraid that even with the very best intentions on the part of the United States to grant them independence, if there were large investments of American capital in lands in the

islands, this intention of the United States Government will be in some manner, sooner or later, defeated. The majority of the American people, gentlemen, as you all know and as I am sorry to know, are not concerned one way or the other with the Philippine question. The islands are very far away. The American people are so busy with their own affairs at home that they can not spend their time thinking of the poor eight million "little brown brothers," as we are called over here. The American people at large do not, therefore, fix the policy of your Government toward the Philippines. Those Americans who have personal interest in the islands are the ones who seek to command attention for their views in Congress with regard to the Philippines and in this particular question of our freedom will be able to control the policy of the Government, because they will be in this country the only people who will take sufficient interest in the affairs of the islands, hence their voice will be the only voice heard by the Government. So in the end we fear that this state of affairs will result in the defeat of Philippine independence. It is natural to believe that American capital, whether corporate or individual, would feel safer and surer under the American flag than under the Philippine flag. That is proper from their standpoint, and of course they will fight for the retention of the islands after they have invested their money there.

Mr. RUCKER. Why does not your objection extend to the case of the sugar factory, because if there is investment in a sugar factory those who have that investment would be as anxious as those who are interested in the investment in land for raising the sugar cane?

Mr. QUEZON. The truth is that in the abstract we would prefer not to have any large investments of outside capital in the islands until the question of our political future has been definitely settled; but recognizing the necessity of developing our industries and lacking sufficient local capital at this time, we prefer to have it invested in that manner which will be least prejudicial to our political freedom in future.

Mr. RUCKER. It is a matter of degree?

Mr. QUEZON. It is a matter of degree. After all, it is natural for any people to think the policy of turning their public lands over to foreigners a bad policy for their country, whether in the Philippines or elsewhere.

Mr. JONES. It is true a great many countries do not permit aliens to own lands. They let them own factories and carry on business, but it is their policy to prohibit their owning land.

Mr. QUEZON. That is a fact, I believe.

Mr. DOUGLAS. But it has been the policy of this Government to induce Germans and other foreigners to come to this country and take up lands and become owners of lands here.

Mr. QUEZON. If Congress will pass a law to enable us to make Philippine citizens of those who come to live there, we will be glad to have them and let them acquire lands, but we never have succeeded in getting such a law from Congress.

Mr. PARSONS. It is true, is it not, that every new country that is being developed must at first have foreign capital for that purpose? That is, the capital is at first foreign capital that is being used to develop it?

Mr. QUEZON. To some extent, perhaps.

In connection with the question of Mr. Jones—there is a point which I should like to call your attention to. It is this: I believe that the organic act of the Philippine Islands does not allow any American to buy a single foot of public land in the islands. The organic law of Congress grants that privilege only to the Filipinos—that is, to citizens of the Philippine Islands.

Mr. MADISON. That is interesting. Where do you get that?

Mr. GARRETT. That is the law?

Mr. QUEZON. That is the law; it is both the letter and the spirit of the law.

Mr. RUCKER. The Japanese are not allowed to buy any land, are they?

Mr. QUEZON. No. I do not think anybody has so far noticed that, but it is a fact.

Mr. GARRETT. Page 499 of the record of these hearings is where that organic act begins. Look at section 4 and section 15.

Mr. QUEZON. On page 502, section 15 of the organic act reads as follows:

That the Government of the Philippine Islands is hereby authorized and empowered, on such terms as it may prescribe, by general legislation, to provide for the granting or sale and conveyance to actual occupants and settlers and other citizens of said islands—

“And other citizens of said islands.” That means that in every case the grantees must be citizens of the Philippine Islands. To show that these words meant only the citizens of the Philippine Islands and not the citizens of the United States, or of any other country, I call your attention, gentlemen, to another section, section 21, which says:

That all valuable mineral deposits in public lands in the Philippine Islands, both surveyed and unsurveyed, are hereby declared to be free and open to exploration, occupation, and purchase, and the lands in which they are found to occupation and purchase, by citizens of the United States or of said islands.

So when the law means to allow any citizen of the United States to acquire lands there, it says so in exact terms, and in the other section it says nothing about any but Philippine citizens.

The CHAIRMAN. What does it say in the friar-land section?

Mr. QUEZON. It says nothing in that section. My contention is, however, that the prescription contained in section 15 applies to all public lands, including the friar lands.

Mr. RUCKER. Is there any act of the General Assembly of the Philippines undertaking to say what citizenship is?

Mr. QUEZON. No, sir. Citizenship is defined by section 4 of the organic act of Congress.

Mr. GARRETT. Section 4 defines who are citizens.

Mr. DOUGLAS. Read section 13.

Mr. QUEZON. I am asked to read section 13, and I am glad to read it. It is said this is the answer to my argument. Section 13 reads:

That the government of the Philippine Islands, subject to the provisions of this act and except as herein provided, shall classify according to its agricultural character and productiveness, and shall immediately make rules and regulations for the lease, sale, or other disposition of the public lands, other than timber or mineral lands, but such rules and regulations shall not go into effect or have the force of law until they have received the approval of the President, and when approved by the President they shall be submitted by him to Congress at the beginning of the next ensuing session thereof, and unless disapproved or amended by Congress at said

session they shall at the close of such period have the force and effect of law in the Philippine Islands: *Provided*, That a single homestead entry shall not exceed sixteen hectares in extent.

Mr. DOUGLAS. In pursuance of that, is it not true that the Philippine Government did pass a law which authorized not only citizens of the Philippine Islands but citizens of the United States to acquire lands, and that became the law?

Mr. QUEZON. Yes, sir; but I contend such a law is null and void from the very beginning, because Congress gave the Philippine Government the right to pass a law, but put some restrictions on that authority, and whenever the Philippine Government goes over or beyond those restrictions its acts are null and void. Unless Congress itself should pass a law amending that section (sec. 15) of the organic act which I read, the Philippine Government could never amend it.

Mr. MADISON. Let me ask this, because this is very interesting matter to me. This section provides that upon the government of the Philippine Islands passing such a law, then it shall be submitted to the President and by the President to Congress, and that unless it is disapproved or amended by Congress it shall have the force and effect of a law.

Mr. QUEZON. Yes.

Mr. MADISON. Suppose your position is correct, that the Philippine Legislature could not by its own act amend the organic act, yet if the Philippine Government did pass an act which had the effect of amending the organic act in a matter of that kind, and submitted it to the President and the President submitted it to Congress and the Congress did not disapprove it, but by its acquiescence gave consent, why does not that amount to an amendment of the organic act?

Mr. QUEZON. Before answering that question——

Mr. MADISON (interposing). I am asking to get your views. I can see some reasoning both ways, but I want to get your views.

Mr. QUEZON. I shall answer your question by asking you another question, and that is this: Suppose the Philippine Government should pass a law and make the limitation of the public lands to be sold 5,000 hectares; would that be legal?

Mr. MADISON. If it was a matter which, under the provisions of section 13, you could have legislated upon, and the law was submitted to the President and approved by him and then submitted to Congress, and if by its acquiescence Congress approved it, then I, for the moment, am at a loss to say whether it would not in effect be an amendment of the organic act.

Mr. JONES. You do not mean to contend, I presume, that it was ever contemplated by anybody that the organic act could be amended in this method, do you?

Mr. MADISON. It is Congress's own method.

Mr. JONES. I am asking if you believe Congress intended to provide any such method of amending the law as that?

Mr. MADISON. No; I have been connected with the practice of law a little too long to jump at any conclusions in matters of this kind. But it would look, upon the face of the matter, inasmuch as this is Congress's own method that was provided, as though Congress is estopped if the method is actually followed.

Mr. GARRETT. May I suggest that the words "subject to the provisions of this act" surely mean something? I am like you in that, I do not want to jump at any conclusion, and I am not going to do so; but the words "subject to the provisions of this act and except as herein provided," in section 13, evidently mean something.

Mr. JONES. What do they mean?

Mr. GARRETT. I think the word "herein" refers to section 13; that it has reference in section 13 to that provision that a single homestead entry shall not exceed 16 hectares in any instance. I think the words "subject to the provisions of this act" have reference to section 15 and all the other sections, section 15 confining the acquiring of title to public lands to citizens of the Philippine Islands, who are clearly defined in section 4.

Take section 21, to which Mr. Quezon has referred, and which declares the terms upon which citizens of the United States may acquire that land. Suppose the Philippine Assembly had passed an act, which had been to the President and by the President referred to Congress, providing the citizens of the United States might not acquire these mineral lands, would anybody insist that that could be done in spite of the act of Congress? No, of course not; because it is subject to the limitations of this act, that the assembly has to act.

Mr. JONES. That seems to be a complete answer to the question.

The CHAIRMAN. Section 1 of the public land act, passed by the Philippine Legislature, reads as follows:

Any citizen of the Philippine Islands, or of the United States, or of any insular possession thereof, over the age of twenty-one years, or the head of a family, may, as hereinafter provided, enter a homestead of not exceeding sixteen hectares of unoccupied, unreserved, unappropriated agricultural public land in the Philippine Islands, as defined by the act of Congress of July first, nineteen hundred and two, entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," which shall be taken, if on surveyed land, by legal subdivision, but if on unsurveyed land shall be located in a body which shall be as nearly as practicable rectangular in shape and not more than eight hundred meters in length; but no person who is the owner of more than sixteen hectares of land in said islands or who has had the benefit of any gratuitous allotment of sixteen hectares of land since the acquisition of the islands by the United States shall be entitled to the benefits of this chapter.

Mr. QUEZON. I do not think Congress ever intended in section 13 to give the Philippine Government any power in regulating the administration of public land to override or amend the restrictions imposed by Congress itself in this same act.

The CHAIRMAN. Then the long and short of it is that you think the public-land act passed by the Philippine Legislature is, as you might say, unconstitutional?

Mr. QUEZON. Yes.

The CHAIRMAN. Or at least is in conflict with the organic act?

Mr. QUEZON. Yes. The mere fact that Congress did nothing when the Philippine public-land act was submitted to it should not, in my judgment as a lawyer, be construed to mean that Congress admitted the right of the Philippine Government to amend the organic act.

The CHAIRMAN. The Philippine Legislature could repeal its own act?

Mr. QUEZON. Yes; but they could not repeal a congressional act.

The CHAIRMAN. Have they attempted to repeal this public-land act?

Mr. QUEZON. No; not that I know of.

Mr. MADISON. I am inclined to think Mr. Garrett's suggestion is good. Section 13, upon a close reading of it, applies only to the making of rules and regulations—first, the classification; second, the making of rules and regulations, just like our own Department of the Interior makes rules and regulations for the disposal of Government lands, and we often give them that power; but they must be rules and regulations that are under and within the terms of the Constitution and laws.

Mr. PARSONS. I think it is a little broader than that. It says—shall make rules and regulations for the leasing, sale, and other disposition.

Mr. MADISON. Yes; and it says—
except as herein provided and subject to the provisions of this act.

Mr. PARSONS. But section 15 says:

The Government of the Philippine Islands is hereby authorized and empowered, on such terms as it may prescribe by general legislation, to provide for the granting or sale and conveyance to actual occupants and settlers and other citizens of said islands such parts and portions of the public domain.

I do not see why it is an answer to quote section 13, unless the language is intended to be different from the language about leasing or selling.

Mr. MADISON. I do not think we can settle any question of this kind. Any question of that kind involves the construction of the entire act.

Mr. JONES. I believe Mr. Quezon had not quite completed his statement.

Mr. QUEZON. Just a few more words, Mr. Chairman.

The CHAIRMAN. Let me inquire if Mr. Martin is desirous of asking Mr. Quezon any questions.

Mr. MARTIN. Yes; I shall want to ask him several questions.

Mr. QUEZON. If it shall meet the pleasure of the committee, I should be very glad to have an opportunity to look over the testimony that has been given before the committee, which I have not had an opportunity to do as fully as I would like before I complete my statement.

The CHAIRMAN. Perhaps we had better take our adjournment at this time, then. What is the pleasure of the committee about the next meeting?

Mr. DOUGLAS. I move, Mr. Chairman, that we do now adjourn until next Tuesday morning at 10 o'clock.

The following statement was furnished by Mr. Rafael Del-Pan for insertion in the record. See reference to the same on page 723 of these hearings:

On February 6, 1893, there was organized in Madrid, Spain, by a public instrument executed before the notary, Manuel Bofarull y Palau, a civil partnership in the form of a stock company, known in Spanish law as a "Sociedad Anónima de carácter civil." The persons who appear in that document as promoters and stockholders of said company were Celedonio del Val, who subscribed a capital of 1,000,000 pesetas, Manuel Fernandez del Valle, who subscribed 350,000 pesetas; Patricio Garcia Cortina, who subscribed 350,000 pesetas; Diego Suarez, who subscribed 400,000 pesetas; Claudio Lopez y Bru, marquis of Comillas, who subscribed 1,000,000 pesetas; Santiago Lopez, who subscribed 300,000 pesetas; Mariano Sainz, who subscribed 400,000 pesetas, and José Sainz, who subscribed 250,000 pesetas, making a total of 4,050,000 pesetas, which was the total amount of capital of the company, divided into 81 shares of 50,000 pesetas

each. The corporate name given to the company was *Compañía Agrícola de Ultramar*, the local domicile of which was established in Manila. The purpose of said company, as stated in said instrument, was the exploitation and development of agricultural enterprises in the Philippine Islands and other Spanish colonial possessions.

The estates of San Francisco de Malabon, Tala, Malinta, and Piedad were sold by the Augustinian friars to this company in the said year 1898; the estates of Isabela, Tafeay-Minglanilla, Muntilupa, Banilad Talamban, Dampol, San Marcos, Matamo, and Guiguinto were sold by the same religious order to this company in the year 1899 and the estate of Binagbag was sold in the year 1901.

For the purpose of carrying on its business in the Philippine Islands the company appointed as its general manager (gerente) Juan Martin Ibañez, and an auxiliary board of directors, composed of Manuel Gutierrez, Ricardo Deza, Felipe Garcia, Francisco Alvarez, and José Prada, residents of the city of Manila, was also appointed by said company.

By a deed executed in Madrid on March 31, 1894, before the same notary public, the Rev. Toribio Minguella, attorney in fact for the Recoleta Corporation, of the Philippine Islands, sold the Imus estate to a corporation organized in the same city 15 days before, under the name of *Fomento de la Agricultura de Filipinas*, for a cash price of 4,000,000 pesetas. On March 17, 1900, under instrument executed before George Frederic Warren, notary public, London, England, Mr. Mauricio Ruffer Prieger, as attorney in fact for *Fomento de la Agricultura de Filipinas*, sold to the British Manila Estates Co. (Ltd.) the said Imus estate for a cash price of £10,000.

This company was incorporated on July 26, 1898, under the companies acts, 1862 to 1893, as a company limited by shares, having its registered office at 39 Lombard Street, in the city of London, according to the laws of England, and in Manila Marcos McGregor acted as its agent and attorney in fact, under power executed on June 7, 1902, before John Dalton Venu, notary public, by Ernest Ruffer, Joseph Jodd, and Spencer Thornton Treffry, president, member, and secretary of the company.

On August 8, 1898, the Rev. Cándido Garcia Valle, appearing as vicar general of the Province of the Holy Rosary of the Dominican Fathers for the Philippine Islands and in representation thereof, before Enrique Barrera y Caldes, notary public of the city of Manila, executed a deed in favor of Richard Andrews, a British subject, covering the estates of Calamba, Biñan, Santa Rosa, Lolomboy, Naic, Orion, Santa Cruz de Malabon, and Santa Maria de Pandi, alleged to be the properties of said corporation, for the sum of 3,830,000 pesos Mexican currency; receipt of 1 per cent of said purchase price being acknowledged in the deed, the purchaser undertaking to pay the remainder and the interest on the deferred payments in annual installments. The properties were, by the same instrument, mortgaged as security for the unpaid portions of the purchase price.

On January 29, 1900, two further deeds were executed in this city before the same notary public, by which the 8 haciendas in question were again conveyed. By the first instrument the Very Rev. Father Santiago Payá y Perez, as vicar general and representative of the Province of Holy Rosary (the Dominican Order), sold to Don Baldomero Hazañas y Verdugo, as representative of the Universal Partnership, domiciled in Haiphong (Tongkin), and constituted according to the laws of France by Bishop Jose Terres and the Rev. Fathers Felix de Fuentes, Pedro Soriano, Tomas Guirro, and Bonifacio Garcia all the claims of the Dominican corporation against Mr. Andrews, and all their right, title, and interest in and to the estates formerly sold to the latter. The deed recites the payment to the vendor by the vendee for the sum of \$3,791,700.

By the second deed referred to, Messrs. Andrews and Baldwin and Señor Baldomero de Hazañas, as representative of the Universal Partnership above mentioned, organized a corporation under the title of the Philippine Sugar Estates Development Co. (Ltd.), domiciled in Manila, the purpose of which was to engage in agricultural operations and others of similar nature. The capital of the firm was placed at 5,000,000 pesos. This was in part represented by the 8 estates purchased by Mr. Andrews and the interests of the Dominicans therein, as mortgagees, which interest has been assigned, as stated, to the company represented by Señor Hazañas.

INVESTIGATION OF INTERIOR DEPARTMENT OF PHILIPPINE GOVERNMENT.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INSULAR AFFAIRS,
Tuesday, February 14, 1911.

The committee met this day at 10 o'clock a. m., Hon. Marlin E. Olmsted (chairman) presiding.

Present: Messrs. Olmsted, Hubbard, Graham, Parsons, Jones, Garrett, Denver, Fornes, Helm, Rucker, and Larrinaga.

TESTIMONY OF HON. MANUEL L. QUEZON—Continued.

The CHAIRMAN. You had not concluded, Mr. Quezon?

Mr. QUEZON. I just want to make a few more remarks, Mr. Chairman.

The CHAIRMAN. Very well, you may proceed.

Mr. QUEZON. I understand, Mr. Chairman, that you asked me the other day whether the Philippine Assembly had passed any bill reducing the amount of public lands which could be disposed of. I did not quite understand at the time you asked the question what you meant by it, and I answered that they passed a resolution. Well, I want to say that they did not pass any resolution restricting the amount of public land which can be sold or leased to individuals. I do not think that there is now any idea of doing that. On the contrary, the Assembly is in favor of the present limitations as contained in the organic act and do not want to enlarge or restrict it.

The CHAIRMAN. I was not speaking of the organic act. I asked whether the Philippine Legislature had passed any law, or any bill had been introduced, to limit the amount of friar lands that could be held?

Mr. QUEZON. I understand that they have passed a bill providing that the unoccupied friar lands shall not be sold in any amount larger than 1,024 hectares to any corporation or association of persons nor over 16 hectares to any individual.

The CHAIRMAN. Where is that bill? When was it passed?

Mr. QUEZON. I do not know the date when the bill was passed, but it was passed by the assembly at the last session and the commission did not approve it. Besides that bill, the assembly adopted three resolutions with regard to the disposition of friar lands. I have not yet received a copy of the bill or of the resolutions, but I got a telegram from the secretary of the assembly advising me of this fact.

The CHAIRMAN. That they had passed some resolution touching the matter?

Mr. QUEZON. That they had passed one bill and three resolutions.

Mr. JONES. The popular assembly?

Mr. QUEZON. Yes, sir; the popular assembly had passed a bill applying the limitations imposed by the organic act to the unoccupied friar lands.

Mr. RUCKER. By amending or repealing the law that they had formerly passed on that subject?

Mr. QUEZON. Apparently; yes, sir.

Mr. JONES. Suppose you go ahead, Mr. Quezon, and complete the statement that you were making when we adjourned Saturday.

Mr. QUEZON. I do not know of anything more that I want to say except that, judging from the resolution of the Philippine Assembly which the chairman of the committee has in his possession——

The CHAIRMAN (interposing). No such resolution has been received.

Mr. QUEZON. It has been referred by the Speaker to this committee, I think. I saw a copy of the resolution printed by order of the House.

Col. McINTYRE. Mr. Quezon is speaking now of a different matter.

The CHAIRMAN. What resolution do you refer to?

Mr. QUEZON. The resolution of the assembly asking Congress not to enlarge the limitations imposed on public lands.

The CHAIRMAN. You are speaking now of the public lands?

Mr. QUEZON. Yes, sir; and that if the friar lands are not to be understood as being subject to the same limitations the assembly asks Congress to make them subject to the same limitations.

The CHAIRMAN. You refer to the Senate bill which was passed somewhat enlarging the public lands from 40 acres to 100 acres?

Mr. QUEZON. No, sir; the resolution which was passed two months ago by the assembly, a copy of which they sent to the House, and I saw it. In fact, I got my copy from this office.

The CHAIRMAN. You may proceed, Mr. Quezon.

Mr. QUEZON. I remember that when Mr. Douglas was questioning me he insinuated the idea that there is no fear that the organic act with regard to the public lands will be amended by Congress. I hope that it will not be.

Mr. JONES. You mean as to the land limitations?

Mr. QUEZON. Yes, sir. I hope that Congress will not amend the act as to the land limitations, but judging from the questions asked by some members of this committee as to the advisability of enlarging the amount of public land that can be disposed of in favor of corporations or individuals, it seemed to me there is some idea or intention of amending the organic act with regard to that. Therefore I beg of the committee to consider the views of the Filipinos in this matter very carefully. That is all, Mr. Chairman.

Mr. JONES. Mr. Quezon, I understand you to say that the Filipinos do not desire that the limitations placed upon the ownership of the public lands shall be increased?

Mr. QUEZON. Yes, sir; we do not.

Mr. JONES. I understand you also to say that if it shall be held by Congress that the limitations placed in the organic act upon public lands do not apply to what are called the friar lands the Filipinos desire that those same limitations shall be placed upon the friar lands?

Mr. QUEZON. Yes, sir.

Mr. JONES. In other words, they do not think that the friar lands should be sold in any larger quantities than the organic act provides in regard to the public lands?

Mr. QUEZON. Yes, sir.

Mr. JONES. You were giving some reasons on Saturday in reply to some question addressed to you in support of your position, as I understood it, that the Filipino people did not desire to have foreign capital invested in lands for the purpose of developing the sugar industry, and I think you stated that the Philippine Legislature would prefer to make loans to some native concerns so as to enable them to put up these big modern sugar factories, rather than to have the land sold in large quantities to foreign corporations?

Mr. QUEZON. Yes, sir.

Mr. JONES. You stated that to be the view of the Filipinos?

Mr. QUEZON. Yes, sir.

Mr. JONES. And to be your own view on the subject?

Mr. QUEZON. Yes, sir.

Mr. JONES. Have you anything further to add on that subject?

Mr. QUEZON. It has been stated here that this investment made in Mindoro by the people represented by Mr. Poole is considered by the Philippine Government as an experiment, an example——

Mr. JONES (interposing). An object lesson?

Mr. QUEZON. Yes; an object lesson for the Filipinos, and that by seeing the success of this concern, they, the Filipinos, might themselves get together and establish a factory. I do not know that I am stating the opinion of the assembly, but on my part I think that if that is true and there is no intention on the part of the Philippine Government of selling any more public or friar lands in large quantities, we could very well let that factory go and see what it can do. I do not, however, know that I am representing the views of the assembly when I say this.

Mr. JONES. Do I understand you to say that if the purpose of establishing that factory in Mindoro is to furnish an object lesson to the Filipino people as to what can be done in the way of the modern production of sugar, that, speaking for yourself, you would not object to this concern owning and operating that factory if you could have some understanding that they would not give you further object lessons along the same line?

Mr. QUEZON. Yes, sir; not so much.

Mr. JONES. Is it your idea that if this so-called object lesson proves a financial success they will want to establish other factories in Negros and in other sugar-producing sections of the islands and thus monopolize the sugar business of the islands? Is that your idea?

Mr. QUEZON. I am afraid that they would establish factories whenever they could get good sugar land, and my fear is that instead of going to Negros, Cavite, Pampanga, or other places where we have private sugar-land owners they would go somewhere else where they could find unoccupied lands, good for sugar, acquire these lands, and there establish factories.

Mr. JONES. In other words, it is your individual view that if they would content themselves with the land they have in Mindoro and the one factory, you would not object so much to that?

Mr. QUEZON. No, sir.

Mr. JONES. But you apprehend that this is just a starter and that if it is successful they will put up other factories and acquire other lands in other sections of the islands and thus monopolize the sugar business to the detriment and injury of the Filipino people themselves?

Mr. QUEZON. Yes, sir.

Mr. FORNES. Supposing that that were the case and that instead of producing 100,000 tons of sugar, the islands would produce 500,000 tons, would not that be a profitable enterprise for the entire islands; would it not give employment to a great many people, who would thereby obtain the benefit of the natural resources of the islands?

Mr. QUEZON. It would give employment to Filipino laborers, but those laborers, instead of getting land and work it for themselves, would be simply the peons of the factories, and I do not believe that would be at all beneficial for the Filipino people.

Mr. FORNES. But is it not a fact that in the production of sugar the Philippine Islands must compete against the whole world in order to get a market for their sugar?

Mr. QUEZON. Yes, sir.

Mr. FORNES. In order to compete against the whole world, would they be able, so to say, to have factories which would produce it as cheaply or land which would produce as much sugar per acre as you can find in other parts of the world and as manufactured in other parts of the world?

Mr. QUEZON. I should think so, but I am perfectly in sympathy with the views of President Taft when he stated before this committee that he did not believe in making the sugar industry the main industry of the Philippine Islands, because it would concentrate very great wealth in the hands of a few people and make the rest of the community poor.

Mr. FORNES. Another product of the islands is tobacco?

Mr. QUEZON. Yes, sir.

Mr. FORNES. Would not that also be true of tobacco?

Mr. QUEZON. We are producing tobacco now which competes in the markets of the world. Our tobacco lands are divided into small farms, and we do not have any large concerns, with one exception, and under these conditions we have tobacco factories in Manila.

Mr. FORNES. You understand that the raising of tobacco does not require a mill, and every small farmer cures his tobacco and has the same advantage as a man who has 100 acres; it is simply hand work; but in the manufacture of sugar you require, of course, factories. The supposition always is that a small factory can not compete in price against a large factory, and therefore to enable the Philippine manufacturers of sugar to compete against the manufacturers of the world they would have to manufacture it upon the same scale and upon the same economic basis?

Mr. QUEZON. I understand that we are not competing against the world in the production of sugar since you have opened this protected market to the Filipinos.

Mr. FORNES. But is it not a fact that any nation gains in wealth to the extent that it trades with other countries? If all the money produced in the Philippine Islands remained in the Philippine Islands, it would not increase the wealth, as far as measurement with other countries is concerned, and therefore if you have natural advantages in the

production of any article, those advantages are only enriched to the extent that you can sell the article to the people outside the Philippine Islands?

Mr. QUEZON. I do not know that I shall be able to express my views clearly. I mean this: I absolutely agree with you when you say that we have to have modern factories to compete with the world in the production of sugar. Still, my contention is that the Filipinos will be more benefited—we are discussing here the disposition of lands in connection with the sugar industry—if the Filipinos who bring the cane to the mill are owners of the land and if the owners of the mills are devoted only to the production of sugar. I do not believe that it would be more beneficial for the Filipinos to have the people who own the mills owning the lands, raising the cane, and their factory grinding the cane.

Mr. PARSONS. Would you object to that if the people who owned the sugar lands were Filipinos and those Filipinos also owned the factories?

Mr. QUEZON. No; for the reason that the Filipinos who own sugar lands do not own any such large quantities as in Mindoro. Besides, the committee must not lose sight of the fact that the main objection of the Filipinos to the investment of outside capital in the islands is the question of their independence.

Mr. PARSONS. The point I wanted to get at was whether the real objection was on the ground of independence. Can you tell me the size of some of the large sugar estates on Negros?

Mr. QUEZON. No, sir.

Mr. PARSONS. Can you give me any idea of the price put upon the sugar lands on Negros?

Mr. QUEZON. No. I did not study that question carefully and I do not want to make any offhand statement.

The CHAIRMAN. I have here the resolution, perhaps, to which you have referred. Please examine it and tell us whether it is the one to which you have referred. [Handing witness House Document No. 1326, Sixty-first Congress, second session.]

Mr. QUEZON (after examining document). Yes, sir.

The CHAIRMAN. I notice in the resolution itself it says:

That the assembly do, and hereby does, state its desire that the sale of said estates—

That is the friar estates—

to persons other than those who were tenants of the same prior to June third, nineteen hundred and eight, and of all other property acquired by the Government subsequent to the treaty of Paris, be made subject to the limitations contained in section fifteen of the organic act of the Philippine Islands.

It says the sale to persons other than those who are tenants. You would not then restrict the sale to 40 acres or 16 hectares to persons who are tenants?

Mr. QUEZON. No, sir.

The CHAIRMAN. If I correctly understood you so far as the San Jose estate on the island of Mindoro is concerned, you would not particularly object to that sale if it is not to be followed by other sales of large quantities of friar lands?

Mr. QUEZON. Mr. Chairman, I said that if that sale was made for the purpose of giving an object lesson to the Filipinos, I, myself, personally, might not object to it, but you know that the Filipinos

are opposed to that sale very strongly. Perhaps, the reason why they do it is because they are afraid——

The CHAIRMAN (interposing). That this is the entering wedge, as we call it?

Mr. QUEZON. Yes, sir.

The CHAIRMAN. Do you know of any other large——

Mr. QUEZON (interposing). If I may just say this, Mr. Chairman.

The CHAIRMAN. Certainly.

Mr. QUEZON. The question of the San Jose estate has always appeared to me as a serious matter, and one night I invited to my house the members of the Filipino Assembly and I asked them whether they would rather have the Philippine Government annul that sale and put the Philippine Government under obligations to this company which bought the land to pay them back the amount paid for the land and perhaps the interest on the money invested and damages. I asked them that because I thought if they wanted to rescind that sale they should be prepared for all the consequences. They discussed the matter, but did not come to any agreement then, and I have not been able to get any further information on the subject.

The CHAIRMAN. I am simply asking you now for your personal opinion.

Mr. QUEZON. After the sale is done, I think it is better to leave it alone, because I am afraid that these gentlemen might bring some lawsuits and cause the Philippine Government a large expenditure of money.

Mr. JONES. They already claim to have spent \$1,000,000?

Mr. QUEZON. That is it, and they might get not only the million dollars back, but the interest and damages, because they claim that they bought the land in good faith.

Mr. JONES. In other words, you would not be willing to agree to reimburse these people for all the money they claim to have spent there and the interest on their money to get rid of them?

Mr. QUEZON. No, sir; because it would mean to throw away that money, and I can not take the responsibility of saying that the Philippine Government should throw away \$1,000,000.

The CHAIRMAN. I am asking you not for the opinion of anyone else, but your own opinion, whether taking this sale alone, by itself, the only one that has been made or is to be made, would you not consider it a pretty fair transaction to dispose of that uninhabited estate on the terms on which it was sold?

Mr. QUEZON. From a business standpoint I think it was a good business transaction, undoubtedly. If I were the owner of the land I would sell it under the conditions under which it has been sold.

The CHAIRMAN. I think we all agree that under the law as it stands public lands can not be sold in excess of 16 hectares to an individual or 1,024 hectares to a corporation?

Mr. QUEZON. Yes, sir.

The CHAIRMAN. Are there any other unoccupied friar lands which could be sold in large quantities?

Mr. QUEZON. Yes, sir; the Calamba and Isabela estates.

Mr. PARSONS. Those are the only two?

Mr. QUEZON. Those are the main ones.

Mr. FORNES. Do they contain large quantities of land?

Mr. QUEZON. Yes, sir.

The CHAIRMAN. My recollection is that there are 47,000 hectares in the Isabela estate.

Mr. PARSONS. In the combined Cavite estates there are 40,000 acres of contiguous land?

Capt. SLEEPER. Yes, sir.

Mr. RUCKER. Do you believe that you could get capital in the Philippines to build all the mills that should be built in the Philippines with the present limitations as to owning land?

Mr. QUEZON. I should think so; yes, sir; because the land already owned by individuals would supply enough sugar cane for many mills.

Mr. RUCKER. My question then would be, why have not the mills been erected?

Mr. QUEZON. Because we have not had time. Nobody thought of erecting mills in the Philippines until the Payne tariff bill was passed, and that was only passed last year.

Mr. JONES. That admits free how much sugar?

Mr. QUEZON. Three hundred thousand tons.

Mr. JONES. And before that time nobody thought of erecting mills?

Mr. QUEZON. No, sir.

Mr. RUCKER. You believe, then, that this capital might be obtained under present conditions either by the Filipinos raising it themselves by legislative action or that foreign capital might come in and build the mills hereafter?

Mr. QUEZON. I think so; yes, sir.

Mr. RUCKER. If you secured independence would you say that that same thing might be expected? Do you believe that you could get foreign capital if you had independence?

Mr. QUEZON. I think so. Cuba is an example of it. Cuba has independence from the United States. The Philippines and Cuba were on the same footing. They have in Cuba as much capital as they want and more than they can employ. I do not see any difference between Cuba and the Philippines except what Admiral Dewey said—that, knowing the Filipinos and the Cubans as he did, he believed the Filipinos were more capable of self-government than the Cubans. I do not want to say that myself, however, because I do not want to make comparisons between my country and others.

Mr. RUCKER. You think that would be so even if the United States added the tariff on sugar in case of your independence?

Mr. QUEZON. Yes, sir; because our labor is cheaper and our lands are rich; they do not require any fertilizing, and the money invested there will undoubtedly return more profit than the money invested in Cuba or Hawaii, where they have to spend so much money in fertilizing and where they pay higher wages.

Mr. RUCKER. After all, Mr. Quezon, is it not a fact, in your judgment and the opinions you have been able to get from others, that the greatest objection to the investment of American capital over there is that it will postpone the independence of the islands?

Mr. QUEZON. Without any question. In that connection I should state that the material development of the Philippine Islands would be better promoted if Congress were to declare the intention of the United States toward the Philippines. The trouble is that the Filipinos think they are going to get independence to-day or to-morrow

or in a few years, while some people believe they will never get it, and the Filipinos are in fact in some way or another trying to prevent any more investments in the islands until Congress has declared the policy of this Government with regard to the Philippines.

The CHAIRMAN. If Congress were to grant the independence of the Philippines, would there then be objection on the part of the Filipinos to the investment of American capital in the islands? After such independence, would there be objection to the investment of American capital in the islands?

Mr. QUEZON. I can safely say that the Americans then will be welcomed there in preference to all other foreigners.

The CHAIRMAN. Then, the objection now on the part of the Filipinos is the fear that the investment of American capital might postpone, perhaps indefinitely, the matter of independence?

Mr. QUEZON. Yes, sir.

Mr. RUCKER. Have you in mind any date in the future when you think the Philippine Islands ought to be declared independent?

Mr. QUEZON. For myself, Judge, I think that we are capable of administering our affairs to-day.

Mr. RUCKER. But there is a diversity of opinion over there; some say 10 years, some say 15 years, and one of your distinguished representatives over there told me that 50 years was but a second in the life of a nation and that if it was to be 50 years they preferred to know it now.

Mr. QUEZON. Well, about six years ago there was some difference of opinion about that, but I do not believe that there is much difference of opinion to-day, and all the Filipinos, with but very few exceptions, agree that it would be better if they had their independence to-day. I can point to not more than six men who would be in favor of the retention of the islands by the United States for not less than 50 years.

Mr. RUCKER. Would you be in favor of coincidently withdrawing our troops from the islands and leaving you to take care of yourselves with other nations?

Mr. QUEZON. We have always thought, Judge, that if the United States was going to grant the Filipinos their independence this Government would do in the Philippines what it did in Cuba, to wit, that it would ask other nations not to interfere with our independence.

Mr. RUCKER. And as Europe has done with Switzerland?

Mr. QUEZON. Yes, sir.

Mr. PARSONS. Do you wish simply the neutralization of the Philippines so far as all countries are concerned, or do you wish us to have the power to intervene as we have the power in Cuba?

Mr. QUEZON. Well, the general opinion there is to have the Philippines neutralized.

Mr. PARSONS. You would not want the United States to have the power to intervene as in Cuba?

Mr. QUEZON. Some are in favor of that, Mr. Parsons, but the general opinion is that the neutralization of the islands would be better than for the United States to intervene.

Mr. JONES. You would be content with either plan if you could get immediate independence?

Mr. QUEZON. Yes, sir.

Mr. RUCKER. You would prefer the United States to have the power of intervention rather than any other country?

Mr. QUEZON. Oh, yes; there is no question about that.

The CHAIRMAN. Were you with Secretary Dickinson when he visited Zamboanga?

Mr. QUEZON. Yes, sir.

The CHAIRMAN. There are a great many Moros there?

Mr. QUEZON. Yes, sir.

The CHAIRMAN. And when the question of independence was raised did not they strenuously object to being governed by the Filipinos?

Mr. QUEZON. Some spoke in those terms, but I think we can handle them in the way they are handled now.

The CHAIRMAN. Did not they state to Secretary Dickinson that while they had fought in the first instance they were now reconciled to the American Government, but that if we reverted them to the government of the Filipinos they would go to war?

Mr. QUEZON. Fifteen days after that speech was made in the presence of the Secretary of War the Army had a pretty bad time there with the Moros. They had a real strong fight. In all sincerity I really do not believe that the speeches made by some Moros before the Secretary of War were true expressions of their own ideas.

Mr. JONES. You do not think that represented the true sentiment?

Mr. QUEZON. Not at all. Here is an instance which, in my opinion, leaves no doubt that the speeches were made by somebody else and not by the Moros. They said, among other things:

Mr. Secretary, if you turn the Moros over to the Filipinos you will be responsible before God for the blood which will be shed.

Mr. Chairman, I wish to call the attention of this committee to the fact that a Moro, being a Mohammedan, considers it a virtue to kill a Christian; how would he then blame anybody for giving him the opportunity of doing what he believed to be a virtue? So I do not think they ever wrote the speeches.

Mr. JONES. You think somebody else put the words in his mouth?

Mr. QUEZON. Yes, sir.

The CHAIRMAN. Have you any idea who it was?

Mr. QUEZON. No, sir; but it must have been some interested party.

Mr. WORCESTER. Are you not mistaken about that, Mr. Quezon? That was with the Manabos.

Mr. QUEZON. I think it was the Moros.

Mr. PARSONS. If we declared that the Philippines should be independent 50 years from now, would there be any agitation to have it sooner?

Mr. QUEZON. In what respect?

Mr. PARSONS. I mean if we declared that 50 years from now the Philippines should be independent, would they be satisfied with that?

Mr. QUEZON. Do you mean contented?

Mr. PARSONS. Yes, sir.

Mr. QUEZON. I do not think the Filipinos would be contented, but still I think that such a declaration by Congress would be better than to have the present condition of affairs, because they will find out the truth.

Mr. PARSONS. Would the politicians seek to ask for immediate independence under those conditions?

Mr. QUEZON. I hardly understand the term "politician."

Mr. PARSONS. Then I will say Filipino statesmen.

Mr. QUEZON. We are too modest to claim that we have statesmen. But if they are understood to be politicians or statesmen, everyone who is speaking in favor of independence, every Filipino, will be a politician or a statesman.

Mr. PARSONS. I put a higher value on the term "politician" than some people do. If there were such a declaration that in 50 years the Philippines should be independent, would immediate independence cease to be a political issue?

Mr. QUEZON. I do not know.

Mr. PARSONS. Would not the parties who now advocate immediate independence continue to advocate it and insist that it should come sooner?

Mr. QUEZON. I do not dare to say what would happen in the future. Perhaps those who are advocating or who would advocate immediate independence would have against them a strong argument, the declaration made by Congress, and their opponents would be able to denounce them as agitators. Mr. Parsons has been in the Philippine Islands and knows something about the conditions there. He knows that the Filipinos are naturally a conservative people and prefer to work and attend to their business than to lose time on some impossible task. If they were assured that independence was a practical impossibility, I do not know that they would insist on making a controversy on that question. In fact they do not think at present that it is a practical impossibility. On the contrary, they are convinced that they will be independent, that they are fit for independence, and they think that if they could properly present their cause to the American people the American people would be only too glad to give them independence. That is what we think in the Philippines.

Mr. JONES. Do you think if you had the opportunity you could demonstrate to the American people that the Filipinos not only wanted but were fit for independence?

Mr. QUEZON. Yes, sir, I do; and we believe that if we could demonstrate that to the American people the American people would gladly grant us independence.

Mr. RUCKER. Do you think there is any sentiment in favor of overtures to any other nation like Japan or Germany?

Mr. QUEZON. Do you mean to turn the Philippines over to them?

Mr. RUCKER. Yes, sir; and in that way secure their assistance to insure your independence. Do you think there is any sentiment in the islands in favor of securing aid and assistance from any other nation, such as Japan?

Mr. QUEZON. No, sir; I can safely say that if the Filipinos are to be under the control of any other country they prefer to be under the control of the United States.

Mr. GRAHAM. They feel grateful to the United States for having assisted them so far?

Mr. QUEZON. Yes, sir.

Mr. LARRINAGA. I have heard that opinion expressed by almost every Filipino whom I have had the good luck to be in touch with,

and they have been of the highest standing over there and from every political party. To be more concrete on the question, they would rather be with the Americans than with any living nation. If I had heard a different opinion expressed I would present it to the committee in the same way.

Mr. MARTIN. I would like to ask Mr. Quezon a few questions.

I have not indicated to you, Mr. Quezon, that I would question you or anything of that sort?

Mr. QUEZON. No, sir.

Mr. MARTIN. When did you first learn that such a sale as that of the San Jose estate could be made under the law?

Mr. QUEZON. I never learned of it.

The CHAIRMAN. Mr. Martin, I do not think that is of any importance.

Mr. MARTIN. It will lead up to a question that, I think, is of some importance, but, of course, I can not ask any question which is not agreeable to the committee.

Mr. QUEZON. It never occurred to me, Mr. Martin, personally that the sale of the San Jose estate could be made under the present law. I am expressing my personal opinion.

Mr. MARTIN. When did you first hear that it had been sold?

Mr. QUEZON. When you presented one of your resolutions.

Mr. MARTIN. You did not know that the San Jose estate had been sold until I discussed it on the floor of the House of Representatives?

Mr. QUEZON. No, sir.

Mr. MARTIN. On the 25th of March, 1910?

Mr. QUEZON. Yes, sir.

Mr. MARTIN. And you did not know that it could be done?

Mr. QUEZON. No, sir.

Mr. MARTIN. Were you a member of the Philippine Assembly in 1908?

Mr. QUEZON. Yes, sir.

Mr. MARTIN. Were you the floor leader of the Nationalist Party?

Mr. QUEZON. Yes, sir.

Mr. MARTIN. Were you a member of the Philippine Assembly when the amendatory act of June 3, 1908, to the friar-land act was passed?

Mr. QUEZON. I was a member of the Philippine Assembly.

Mr. MARTIN. At that time?

Mr. QUEZON. Yes, sir.

Mr. MARTIN. I want to read you this statement made by Mr. Worcester, on page 689 of the record, in speaking of the act of June 3, 1908, under which these sales have been made:

It was prepared by Capt. Sleeper and subsequently informally communicated by me to the joint committee of the Philippine Legislature, reason for that action being that its passage through the assembly might be expedited through having some one there who would understand just what its purpose was. The act could not be formally brought before the joint committee for official action as it had not been submitted to them by the president of either house. I did, however, read it to them, call their attention to its provisions and its purpose, and requested them to do what they could to see that it went through when it came up in the assembly. As far as I remember, I took no other special action in regard to that act. It should, however, be stated

that nearly a year later another amendatory act was passed which reenacted the language of the first amendatory act as far as the removal of the restrictions is concerned. That later act, it will be noted, was passed after the Philippine people had had abundant opportunity to realize what we had done by our first amendatory act. It originated in the Philippine Assembly and first came to Capt. Sleeper and myself after its passage there, so far as I remember, without any previous knowledge of its existence either on the part of the director of lands or of myself. It is thus shown clearly that after the people at large and the lower house had had abundant opportunity to realize the purpose of the first amendatory act, through the fact that that purpose had been carried into effect, the lower house voluntarily reaffirmed the action originally taken, by reenacting the original provision.

Do you wish to make any statement with reference to Mr. Worcester's statement?

Mr. QUEZON. I was not in Manila when the first bill was introduced and I do not know how it passed. I believe, however, from the action of the assembly, of which I spoke a moment ago, in passing a bill which imposes upon the friar lands the limitations of the public lands, that the assembly did not realize the effect of the act of June 3, 1908, when they passed it.

Mr. MARTIN. Do you know whether you were present at any time when this act, the first amendatory act, was discussed?

Mr. QUEZON. No; I was not in Manila when the act was discussed. What is the date of it?

Mr. MARTIN. The date of its enactment is June 3, 1908, but I do not know on what day prior to that time it may have been discussed in the Philippine Assembly or it may have passed the assembly.

Mr. QUEZON. I do not believe it has ever been discussed in the assembly, but at that time I was not in Manila.

Mr. MARTIN. You were not in Manila when it was passed?

Mr. QUEZON. No, sir.

Mr. MARTIN. And know nothing about it?

Mr. QUEZON. No, sir.

Mr. MARTIN. And never heard anything about it?

Mr. QUEZON. No, sir; I did not know anything about it.

Mr. MARTIN. So, if the Filipino people realized the purpose of the first amendment, etc., as stated by Mr. Worcester at the time the second amendatory act was passed, you, a member of the Philippine Assembly and the floor leader of the majority party, the Nationalist Party, in that assembly, had no such knowledge yourself?

Mr. QUEZON. No, sir; I did not.

Mr. MARTIN. Mr. Quezon, when did you first become aware of the making of a lease on the Tala estate, or the agreement entered into by the director of lands, approved by the secretary of the interior and Mr. Carpenter, which is now incorporated in the hearings?

Mr. QUEZON. The agreement?

Mr. MARTIN. Yes, sir.

Mr. QUEZON. When I read it in the hearings.

Mr. MARTIN. That was the first you knew of it?

Mr. QUEZON. I knew about it in the Philippines.

Mr. MARTIN. Did you know its nature, character, and contents when you heard of it?

Mr. QUEZON. I did not know of it exactly as it appears in the hearings.

Mr. MARTIN. Do you approve of that character of lease and the provisions it contains?

Mr. QUEZON. Mr. Martin, I can only say this, that I handed to the chairman a letter from the speaker of the assembly in which he says that in a caucus of the members of both parties they absolutely pass over that lease to Mr. Carpenter and that they never heard of any complaint about it, and that Mr. Carpenter is one of the very best officials that we have in the Philippines.

Mr. MARTIN. Not touching his popularity; if you, Mr. Quezon, had never seen that lease and was not aware of the nature of its character and contents until you saw it in these hearings, it is not likely that the members of the Philippine Assembly have seen it?

Mr. QUEZON. I do not know. I think the investigation made by the Secretary of War contains the lease to Mr. Carpenter, and that investigation was printed before I left the Islands and published by papers in the Philippines.

Mr. MARTIN. You think the agreement was set out in full?

Mr. QUEZON. I think so.

Mr. MARTIN. I will ask you this question, and if you do not care to answer it I am not going to insist on it: Whether you approve of the character of agreement that was entered into between the Philippine Government and Mr. Carpenter in reference to the Tala estate?

Mr. QUEZON. I can not under oath give any opinion about that lease, because I do not know enough about it. But I say this, that I will do everything in my power to support Mr. Carpenter, because he is a true friend of the Filipinos, and has done a great work for your Government and my people.

Mr. JONES. And you do not want to criticize him?

Mr. QUEZON. I have no reason for criticizing him, and in this particular contract between him and the Government I have in my possession letters of men like Mr. Sandiko, Mr. Ponce, and others, in which they express their satisfaction of Mr. Carpenter having secured land in the Tala estate.

Mr. MARTIN. Is that personal to Mr. Carpenter or would that apply to other officials of the Philippine Government?

Mr. QUEZON. I think that is personal to Mr. Carpenter.

Mr. MARTIN. You are aware of the nature of the agreement—you know to what I refer—about policing and building roads and bridges to and on the estate, and things of that character. Leaving out the question of Mr. Carpenter's—

Mr. QUEZON (interposing). Just a moment.

Mr. MARTIN (continuing). Popularity among the Filipinos, I want your statement as to whether or not you approve of that character of agreement, considered as an agreement between the Philippine Government and one of its officials, without any reference to who that official is and as it might be applied to other officials?

Mr. QUEZON. I think that to be able to pass on this particular contract, from its own merits, between Mr. Carpenter and the government, I have to know all the details, but as I do not know the land, nor its character or productiveness, I can not express any well-founded opinion. This sale or lease and its conditions can only be

judged by those who know the class of the land leased or sold, the benefits to the natives from having sold it, etc. I can only say that I never heard of any complaint against it.

Now, as a general proposition it is open to criticism to have the employees of the Philippine Government transact business with the Government, and I have expressed this opinion to the Bureau of Insular Affairs, but if the Philippine Government, as has been stated by Mr. Worcester, has adopted that as a general policy and considered it a good one, I can not make any individual responsible for that policy, but rather the Government itself. I am personally——

Mr. MARTIN (interposing). I would like to disabuse your mind of the idea that I would specially single out Mr. Carpenter in the transaction because I know nothing about him. I want to disabuse your mind of the idea that I think it was any more improper for him to receive it than for the Government to give it. In other words, I leave all personal considerations out of the question which I want you to answer. You have read that contract or agreement with Mr. Carpenter and you are familiar with its contents and you know that there is no other such contract existing in the Philippine Islands, and all I want is your opinion as to its propriety.

Mr. GRAHAM. I think he has already given his opinion, that he is not aware of the true conditions that led up to such a contract or agreement, and I think that is a sufficient answer.

Mr. JONES. Well, Mr. Martin wants to know if he thinks that is a proper form of contract to be generally entered into.

Mr. MARTIN. Yes, sir.

Mr. HELM. If he approves of that type of contract.

Mr. MARTIN. Yes, sir. If he approves entering into such contracts between the Government and any Filipino or anybody else.

Mr. QUEZON. As a general proposition, I do not think so.

(Thereupon the committee took a recess until 1 o'clock p. m.)

AFTER RECESS.

The committee resumed its hearing at 1 o'clock p. m., Mr. Olmsted (chairman) presiding.

The CHAIRMAN. Mr. Worcester, you were asked for some data yesterday. Have you those data ready?

Mr. WORCESTER. I caused them to be included in the record, Mr. Chairman, immediately after your questions. I turned them over to the stenographer to be inserted.

The CHAIRMAN. Does that include the statement which you showed us this morning of the unoccupied lands?

Mr. WORCESTER. Yes, sir.

The CHAIRMAN. Does it also include a statement as to the number of persons who were living on the friar lands at the time they were purchased by the Philippine Government?

Mr. WORCESTER. Yes, sir.

The CHAIRMAN. About how many were there?

Mr. WORCESTER. The total number of individuals, so far as we are able to judge from the census returns, was, I believe, 161,333; the

total number of actual tenants—by which I mean heads of families who leased all of the land—was somewhere between 16,000 to 18,000. As to that we judge by the number of leases, but we have to take into account that in some cases there were two or more tracts leased to an individual. The status of things at the present is shown by a table also included which gives, by quarters, from the beginning of the sales and leases up to the present time, the number of leases, the area covered, the number of sales, the area covered, and the total leases and sales and the total areas covered.

The CHAIRMAN. Do you bear in mind now how many leases and sales there were?

Mr. WORCESTER. I think all told, sir, about 40,000; that is, at the present time.

The CHAIRMAN. You say about 40,000, but there were only about 18,000 occupants or tenants, properly so-called, at the time of the acquisition of those lands by the Philippine Government?

Mr. WORCESTER. Sixteen thousand to eighteen thousand.

The CHAIRMAN. What are these 24,000 additional? Are they people who are living on the lands chiefly?

Mr. WORCESTER. There will be additional people who have come in, sir, and there will also be a very considerable number of cases where one individual has taken out leases for a half a dozen different tracts of ground.

The CHAIRMAN. Where one tenant occupies several tracts of ground?

Mr. WORCESTER. Yes, sir. The actual number of tenants is not actually shown by the number of leases.

The CHAIRMAN. Then the number of purchasers or lessees does not reach 40,000?

Mr. WORCESTER. No, sir.

The CHAIRMAN. Can you tell about the number of lessees and purchasers?

Mr. WORCESTER. I think Capt. Sleeper's statement on that subject will be better than mine.

The CHAIRMAN. Will you just put the figures in at this time?

Mr. WORCESTER. I will get the most accurate estimate we can make.

The CHAIRMAN. Let me see if I understand the matter right. The Philippine Government bought in all about 400,000 acres of friar lands, in round numbers?

Mr. WORCESTER. Yes, sir.

The CHAIRMAN. Now, about 225,000 acres were occupied and 175,000 acres were unoccupied; is that about right?

Mr. WORCESTER. I have made no attempt, Mr. Chairman, to fix those figures in my mind.

The CHAIRMAN. Well, the statement which you have already put in the record shows about?

Mr. WORCESTER. Yes; shows about how much unoccupied land there is at the present time.

The CHAIRMAN. That is about 113,000 acres. Now, the San Jose estate amounted to how many acres?

Mr. WORCESTER. About 58,000, sir.

The CHAIRMAN. And that, and some others, would bring it up to about 175,000 acres?

Mr. WORCESTER. Yes, sir.

The CHAIRMAN. So the 161,000 people you mentioned were living, substantially, on 225,000 acres of occupied friar lands?

Mr. WORCESTER. Yes, sir. I now have these figures for the vacant lands, sir. There are estimated, at the present time, 146,023 acres of unoccupied land, of which about 123,000 lies in large tracts, and the balance is in small tracts.

The CHAIRMAN. If you add to that the San Jose estate, which has been sold, it would bring it up to about 200,000?

Mr. WORCESTER. Yes, sir.

The CHAIRMAN. So generally speaking, about half of the friar lands were unoccupied when purchased?

Mr. WORCESTER. Yes, sir; about, sir.

The CHAIRMAN. Do we understand there were 161,000 persons living on about 200,000 acres of land at the time of the purchase?

Mr. WORCESTER. Yes, sir. Do I understand that Mr. Martin has concluded his interrogation of Señor Quezon?

The CHAIRMAN. It was so understood.

Mr. WORCESTER. May I ask him some questions?

The CHAIRMAN. Yes, unless there is some objections.

TESTIMONY OF HON. MANUEL L. QUEZON—Continued.

Mr. WORCESTER. Mr. Quezon, you yourself have seen a modern sugar mill, have you not?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. And you have also seen the modern agricultural methods of raising sugar cane as they are carried on in the Islands of Hawaii?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. How does that mill compare with anything we have in the Philippine Islands to-day?

Mr. QUEZON. We can not make any comparison at all, I think.

Mr. WORCESTER. It is really such an advance over what we have there that it would be difficult for our people to understand the difference without seeing it, is it not?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. It is a very wonderful illustration of the application of modern mechanical and chemical methods to sugar extraction?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Do you remember about what percentage of extraction they get at that mill?

Mr. QUEZON. They said it was 94 or 95, and that they are trying to get 96.

Mr. LARRINAGA. Is that juice from the cane?

Mr. WORCESTER. The percentage of the total sugar extracted. That is, they are extracting in that mill about 95 per cent of the sugar in the cane. Do you know, Señor Quezon, about how much sugar we get out in our best mills in the Philippines?

Mr. QUEZON. I think it is about 60 per cent.

Mr. WORCESTER. Now, irrespective of any other consideration, it would be a valuable thing for the sugar growers if the remaining 35 per cent which is extractable could be had instead of being thrown out on the dump pile?

Mr. QUEZON. Unquestionably.

Mr. WORCESTER. Because they now have all the cost of growing and harvesting the cane, and if they could save that additional sugar it would be important?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Do you think, from what you saw, that we can, in the Philippines, compete successfully with other people who are growing sugar without introducing these modern methods?

Mr. QUEZON. I do not think so.

Mr. WORCESTER. You think it is quite important, then, from the standpoint of the grower, who will get more sugar, and of the prosperity of the islands out there, that we should get modern mills and modern methods?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Now, I understood you to say this morning that no one had thought of putting in a sugar central in the Philippines before the passage of the Payne bill?

Mr. QUEZON. That was my information.

Mr. WORCESTER. Would you be willing to accept my statement as a basis for some further questions, that three different concerns, including the Honolulu Iron Works, one of the largest concerns which makes sugar mills, did come to the Philippines prior to that time and try to arrange for that?

Mr. QUEZON. If you say so, yes.

Mr. WORCESTER. That is the case. And they were sent to the sugar-growing regions and failed to get contracts which were satisfactory to them. Now, I speak of that because you have expressed the opinion that contracts could be had and, of course, you know the old saying that "the proof of the pudding is in the eating." Now, the failure to get those contracts is more conclusive than what anyone might think as to the possibility of getting them.

Mr. QUEZON. I want to say, however, that in expressing that view I did not say only what I thought, but what I saw; I saw contracts signed by those people in Negros in the possession of Mr. Rosales. That probably means that now those people who were unwilling to sign those contracts have changed their minds.

Mr. WORCESTER. That might be the case. You understand, do you not, that there really is some hope of getting a central in western Negros at the present time?

Mr. QUEZON. I understand so.

Mr. WORCESTER. Can you think of any way in which cane-growing contracts could be enforced? Suppose a man who was under contract to furnish cane to a mill were to fail to do it, what could be done to him? He might plead, might he not, that the weather had been bad, that his wife had been sick, or offer some other reason why he could not grow the cane, and you could not punish him, could you?

Mr. QUEZON. You could compel him through the courts to pay you damages.

Mr. WORCESTER. Yes; that refers to the length of time they had been tenants?

Mr. QUEZON. Yes; so if these people were not on the lands prior to the 3d of June, 1908, it seems to me that the assembly intended to cancel that sale.

Mr. WORCESTER. Now, that is just what I was trying to get, Señor Quezon, whether you know the spirit of the assembly with reference to it, whether they intended to recommend there the annulling of transactions which have already occurred, or whether they were only endeavoring to block out a policy for the future? Now, it would seem to me that if they wished the San Jose estate sale set aside they would have said so, but what they seem to have done here is to prescribe the procedure that they would like to have followed in making sales to persons in the future, and they do not want those large sales made unless they were tenants prior to the passage of the act of June 3, 1908. At any rate there is nothing there which makes it evident that the cancellation of that sale is at this time desired?

Mr. QUEZON. Not to my mind.

Mr. WORCESTER. There was, perhaps, some difference of opinion at the time this discussion with them was had, to which you have referred, as to what ought to have been done?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. But I will not ask you anything further about that, because I understand that was a private discussion, and we will not go into that. Now, Señor Quezon, will you tell me if you think that 16 hectares of land are enough for a Filipino, that is, for a Filipino who wants to engage in agriculture, or would you think there would be a great many for whom it would be more than necessary and a good many others for whom it would be too little?

Mr. QUEZON. I advocated last year, and still I am in favor of increasing the limitation for individual holding to 40 hectares.

Mr. WORCESTER. You think, perhaps, that the amount of land an individual should have would depend on the character of the individual and his ability to use it and cultivate it?

Mr. QUEZON. Yes, sir; but the law can not make such distinctions, so I advocated last year a law allowing 40 hectares for individual holdings——

Mr. WORCESTER. In other words, you think that the provision of the public-land act is a little severe so far as the sale to individuals is concerned?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. There are, are there not, a great many Filipinos now who do privately own large tracts of land?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. So far as you know is there any unfortunate condition growing out of that? Are these wealthy, capable men, of more than usual administrative ability, doing their country any harm by having that land and developing it?

Mr. QUEZON. No, sir.

Mr. WORCESTER. So you really do not think there is objection to ownership of land in tracts of considerable size under those circumstances by Filipinos?

Mr. QUEZON. No, sir. By this I do not want to be understood as being opposed to foreigners. I would approve a policy giving everyone who becomes a citizen of the Philippine Islands, whether he comes from the north or the south pole, the right to acquire and own public land there.

Mr. WORCESTER. What I was trying to get at was the question of the danger of the absorption of the land by a few individuals and the keeping of it away from the many. You have said, and you have said very truly, that the ideal condition is one in which every man who is willing to cultivate land has his own little tract.

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Now, there is, of course, the danger that large interests will so control the land that the small man can not get his; that is where the danger comes, from that viewpoint.

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Now, theoretically, what would you consider to be the largest amount of land that a Filipino ought to be allowed to have without endangering the small man, remembering, as you said the other day, there are at the present time only about 11,000,000 acres of land actually taken up, so that we have got, say, 62,000,000 to draw on?

Mr. QUEZON. Individually, you said?

Mr. WORCESTER. Yes. I am trying to get at your idea of the individual holdings that would be safe, so that there would not be danger that the little man would be crowded out by having the big man control the land.

Mr. QUEZON. Well, I said already that 40 hectares for individuals is a safe and sound limitation.

Mr. WORCESTER. Well, that would make 100 acres?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Do you think that the holding of land at present in tracts very much in excess of 100 acres is doing any harm to private holdings?

Mr. QUEZON. No; but the disposition of the public lands has something to do with the future. You find this in your own country, that 100 years ago you had only over 3,000,000 people, but to-day you have a population of 90,000,000; we are 7,000,000 or 8,000,000 people in the Philippines now, but we might be 20,000,000 or 30,000,000 in 100 years; so we have got to keep our public lands for the future generations.

Mr. WORCESTER. Yes; we are trying to get at the same thing exactly. Of course, the public land is the source to which most of these men must look, because very little of the land is privately owned in the Philippines at the present time, so that they must look to the public land. Then it is your opinion, is it, that in the future Filipinos ought to be limited to 100 acres in their purchases from the public domain?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. That is what I wanted to get at. A man like Gen. Aguinaldo, for instance, or Gen. Trias, with their very well-recognized ability, ought not to be allowed to get more than 100 acres of land?

Mr. QUEZON. From the public domain, no.

Mr. WORCESTER. Of course, that means about the same thing.

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Now, do the Filipinos object to having Americans own their homes in the islands?

Mr. QUEZON. I do not know that they do.

Mr. WORCESTER. You do not know of any objection?

Mr. QUEZON. No, sir.

Mr. WORCESTER. So far as you know, do the Filipinos object to having the Americans own 40-acre farms?

Mr. QUEZON. No, sir.

Mr. WORCESTER. And they do not object to their leasing 2,500-acre farms under the provision of the law as it stands at present?

Mr. QUEZON. I do not know; I never heard any discussion about that, Mr. Secretary, and I could not accurately say that they do or do not object.

Mr. WORCESTER. But you have not heard any objection?

Mr. QUEZON. No, sir.

Mr. WORCESTER. You said the other day you thought there was no law for selling any land at all to Americans. From the viewpoint of the Filipinos, that would be a matter of oversight rather than anything else? They would not object to having that condition corrected if it existed?

Mr. QUEZON. I do not know, Mr. Secretary; I would rather not express any opinion.

Mr. WORCESTER. Well, you just said the Filipinos did not object to Americans owning their homes?

Mr. QUEZON. I do not know that the Filipinos ever thought that the law did not permit Americans to buy public land there, and I did not hear any objection to Americans owning their homes.

Mr. WORCESTER. Now, so far as you know they would not object, in fact this very resolution that we have here, passed at the last session of the assembly, and requesting that this policy relative to public lands be applied under certain circumstances to the friar lands, would seem to indicate that there is no objection to it as the policy, would it not?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Now, it would be rather remarkable, Señor Quezon, if a sovereign country would refuse to sell its own lands to its own people—that would be an anomaly, would it not?

Mr. QUEZON. It would be altruism on the part of the sovereign country, and shows that there is no intention to hold permanently the land which has been acquired.

Mr. WORCESTER. Now, it is true, is it not, that the danger of monopolization in connection with mineral rights in a country like the Philippines, where the mineral resources are limited, is very much greater than is the danger of the monopolization of agricultural lands?

Mr. QUEZON. Yes.

Mr. WORCESTER. Very much greater, without doubt. So far as any present knowledge we have as to the mineral deposits in the Philippines is concerned, it would be very much easier to get capital

enough to buy them if they were for sale than it would be to take up agricultural lands, would it not?

Mr. QUEZON. I think so.

Mr. WORCESTER. So that it would seem rather odd, if this was purely a policy of paternal benevolence which actuated Congress, that it should have permitted the leasing of land in 2,500 acre tracts to Americans and the sale to Americans of mines, which, perhaps, would be easily monopolized, but should not have allowed them to buy what little land they might like to live on; that is, 40 acres?

Mr. QUEZON. My understanding, Mr. Secretary, is that when this act was discussed in the Senate Senator Lodge brought out the fact that some Americans were already in possession or had discovered mineral lands in the Philippines, and that therefore he thought Congress should give an opportunity to those men to work those mineral lands. That is why it has been so provided in the organic act. I think, furthermore, that it was with the idea of helping our industries in the Philippines—mineral, and so on—that the ownership of mineral land by Americans has been provided for.

The CHAIRMAN. Mr. Quezon, you said a moment ago that there was no objection to the sale of public lands to citizens of the Philippine Islands even though they came from America. Whom do you understand to be a citizen, or how do you define the term "citizen" of the Philippine Islands?

Mr. QUEZON. It is defined in section 4 of the organic act.

The CHAIRMAN. I have that section before me and its phraseology has led me to ask you the question. Section 4 reads:

That all inhabitants of the Philippine Islands continuing to reside therein who were Spanish subjects on the eleventh day of April, eighteen hundred and ninety-nine, and then resided in said islands, and their children born subsequent thereto, shall be deemed and held to be citizens of the Philippine Islands.

And it does not make any provision for anybody else?

Mr. QUEZON. No.

The CHAIRMAN. It does not affirmatively say that nobody else shall be citizens, but the only ones it specifically declares shall be citizens are those who were there, and it would not include anybody else coming into the Philippine Islands, although they might live there 50 years?

Mr. QUEZON. It would not. Mr. Chairman, we have been trying very hard to get from Congress a law authorizing the Philippine Legislature to enact a law providing means by which a person who wishes to become a citizen of the Philippine Islands might do so.

The CHAIRMAN. There ought to be some way in which a man could become a citizen of the Philippine Islands if he goes there and lives.

Mr. QUEZON. I beg the chairman to do something that would bring that about. There are some Filipinos who are not citizens of the Philippine Islands, neither are they citizens of any country of the world.

The CHAIRMAN. There are Americans who have gone there and lived seven or eight years?

Mr. QUEZON. Yes, sir; and they can not become citizens of the Philippines if they wanted to. For three years we have been trying to get a bill with regard to citizenship in the Philippines.

Mr. WORCESTER. Mr. Quezon, that was very interesting. The question relative to the right to sell land to Americans, of course, is a lawyer's question, and you and I ought not to discuss it at length, but there is one point in connection with it that perhaps you overlooked and I would just like to call it to your attention and to the attention of the committee. Section 15 reads:

That the Government of the Philippine Islands is hereby authorized and empowered, on such terms as it may prescribe, by general legislation, to provide for the granting or sale and conveyance to actual occupants and settlers and other citizens of said islands such parts and portions of the public domain.

Now, the whole question, of course, hinges on the meaning of that little word "other" which, as you perhaps know, has caused a great deal of trouble in the legislature and elsewhere. We must look a little further, perhaps, to see what the meaning of that word "other" is. But the passage as it stands is open to the interpretation, is it not, that the government is empowered, on such terms as it may prescribe by general legislation, to provide for the granting or sale and conveyance to those who are not actual occupants and settlers? Now, let me call your attention to the language of section 16, which bears out that view; section 16 is explanatory of or follows this other section of the act, and the first sentence reads as follows:

That in granting or selling any part of the public domain under the provisions of the last preceding section, preference in all cases shall be given to actual occupants and settlers; and such public lands of the United States in the actual possession or occupancy of any native of the Philippine Islands shall not be sold by said Government to any other person without the consent thereto of said prior occupant or settler first had and obtained.

That would seem to recognize, would it not, two classes of occupants and settlers, namely, those who are natives of the Philippine Islands, who shall have the preference that is given by that section, and those who are not?

Mr. QUEZON. Yes, sir; but even admitting that construction of the law, I am still of the opinion that I am right in my position for this reason: The law refers to those who were actual occupants and settlers at the time of the passage of the law, so nobody thereafter, except Filipinos, could get any right to buy or lease any land in the Philippine Islands, because they would not be settlers or occupants.

Mr. WORCESTER. I am not a lawyer myself, Señor Quezon, and I do not care to enter into further discussion of that question.

The CHAIRMAN. If you will both excuse me, we have, in a general way, the views of each of you, and we have the law before us, and the committee, I think, will have to construe it; so in the interest of passing on with this inquiry which must, in the nature of things, come to an end very soon I will ask you to pass to another subject.

Mr. WORCESTER. Now, in your reference at the last session to the views of the people of the islands relative to the friar-land policy, you do not mean to include, of course, the very large number of people who know nothing about the question that has been raised?

Mr. QUEZON. I include them as they are represented by the assembly, Mr. Secretary.

Mr. WORCESTER. And the million-odd wild people who are not so represented?

Mr. QUEZON. These wild people, of course, I do not think they know about this question at all.

Mr. WORCESTER. Do you think you can be quite sure of the people who are represented by the assembly?

Mr. QUEZON. I do not believe I quite understand the question.

Mr. WORCESTER. To put the question concretely, you perhaps remember that when the Payne bill was up the assembly took action in regard to the desirability of the passage of the Payne bill?

Mr. QUEZON. Against it?

Mr. WORCESTER. Yes; it took action in regard to it.

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. And you yourself came to the summer capital as a member of a committee to set forth the views of the people on that subject in opposition to the bill?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. And the assembly at that time said it was the real representative of the Filipino people in that matter?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Now, is it true that when the people of Pampanga, which is a sugar-producing province, heard of that action they protested very loudly against it?

Mr. QUEZON. Some protested and some were in favor of it.

Mr. WORCESTER. Well, there was a protest?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. And a strong protest?

Mr. QUEZON. Yes.

Mr. WORCESTER. And in western Negros and in eastern Negros there was a strong protest?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. And from the provinces of Panay, and from Bulacan?

Mr. QUEZON. Yes.

Mr. WORCESTER. So that the assembly was not quite right in assuming it represented the people in that matter?

Mr. QUEZON. Admitting that from these Provinces there was some protest, there were also some in favor of the action of the assembly, and it is not right to take it for granted that the whole region was against the action of the assembly. But let us suppose that all those Provinces were against the attitude of the assembly. I still insist that the assembly represented the Filipino people at large in that proposition, because the majority of the Provinces were in favor of the position adapted by the assembly. I mean that those regions which objected were not the majority of the Filipino people.

Mr. GARRETT. Is it possible the tariff is a local question in the Philippine Islands?

Mr. QUEZON. It is in some respects, because the only people directly benefitted by the tariff were the sugar-producing people and, of course, they were in favor of the tariff; but a majority of the people of the islands have nothing to do with the sugar industry, and they looked at the tariff purely from its political aspect to wit: That this free trade was the first step toward the annexation of the islands.

Mr. FORNES. The tobacco growers were in favor of the bill, were they not?

Mr. QUEZON. I do not know that they were. Many tobacco concerns came to me and spoke against the tariff; many of them.

Mr. FORNES. That would indicate they desired a home-guarded market, and thereby have a trust in the trade?

Mr. QUEZON. I do not understand you.

Mr. FORNES. If you take the tariff off of anything why, of course, it gives a world market?

Mr. QUEZON. Of course.

Mr. FORNES. But so many cigars could be imported here without the duty, just as so many tons of sugar could be imported here without duty, so if the sugar men were in favor of it another industry which would be benefitted in the same way would naturally be in favor of it.

Mr. QUEZON. Well, the tobacco people did not think they needed free trade, and considering the danger of permanent annexation of the islands as result of it they preferred to have things as they were.

Mr. WORCESTER. Now, Señor Quezon, immediately following the passage of the Payne bill we have had a very large increase in the business of the islands?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. We have had the most prosperous year in the history of the islands as regards business?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Do you think, if to-day the question were brought up, a resolution could pass the assembly asking for the repeal of the Payne bill?

Mr. QUEZON. I do not know; I can not make any statement about that, Mr. Secretary, because there are still some who think that free trade between the two countries is a danger to their aspirations, whereas some others, seeing the practical benefits of free trade, are for it. On the whole, I think there would be some doubt.

The CHAIRMAN. There are some who think that free trade would tend to delay independence, is that the idea?

Mr. QUEZON. Yes, sir; and some others take into consideration the material benefits which it has produced in some parts of the country, and they will, perhaps, advocate for the Payne tariff. Those representatives from Negros certainly will fight for the present tariff.

Mr. WORCESTER. The representatives from Cagayan and, perhaps, from Isabela and from Union, where tobacco is the important industry, from Pampanga and Bulacan, and from the Provinces of Panay and of Negros, where sugar is the important industry, would be very sorry to have that privilege taken away from them?

Mr. QUEZON. Yes; likely so.

The CHAIRMAN. If you will excuse me, I do not believe we care to go into the Payne tariff bill in the short time that is allowed us.

Mr. WORCESTER. All I wanted to show by this was that the assembly does not necessarily represent all the people.

Mr. QUEZON. Well, in this friar land question, Mr. Secretary, there has been no protest against the action of the assembly, no protest presented by anybody that I know of; they have been having meetings everywhere, and everybody was in favor of the assembly's resolution.

Mr. WORCESTER. In favor of the action on the Payne bill?

Mr. QUEZON. No; this resolution.

Mr. WORCESTER. In connection with this question of the feeling of the people about large land holdings, you admit, do you not, that a number of the leading Filipinos, really the most conspicuous men of your people, have favored increased holdings consistently for many years?

Mr. QUEZON. I heard of some favoring it.

Mr. WORCESTER. For instance, the Filipino members of the commission have for many years, have they not, been voting in favor of greatly increased holdings?

Mr. QUEZON. I understand so.

Mr. WORCESTER. Among them are Dr. Tavera, who is one of the great men of your people?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Señor Araneta, the present secretary of commerce and finance, who is one of the great men of your people?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Señor Legarda, your colleague now here?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Señor de Lucuriaga, who has longest held the rank of commissioner?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Señor Sumulong, a member of your own political party?

Mr. QUEZON. No; he is not a member of my party.

Mr. WORCESTER. A member of one of the great political parties?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Señor Palma, who is perhaps a member of your own political party?

Mr. QUEZON. I do not know about Mr. Palma, Mr. Secretary; I am not able to say what his opinion is.

The CHAIRMAN. If you will excuse me, I do not think we can take a poll of the Filipino people. We are directed to report what the law is, not what the individuals might like to have it. That information might be of importance if we were now considering the framing of a law to change the present law in some way, but the resolution under which we are proceeding requires us to report on the law as it now exists.

Mr. WORCESTER. At the last hearing Señor Quezon testified that he did not think there were 100 people in the Philippine Islands—how did you put that?

Mr. QUEZON. That I did not think there were 100 people in the Philippines who were in favor of enlarging the present amount of public lands which could be sold to corporations, or over 40 hectares to individuals.

The CHAIRMAN. As far as the public lands are concerned, we are not proposing at this session to change the law; we are trying to ascertain what the law is.

Mr. FORNES. What would prevent the owner of, say, 40 hectares buying his neighbor's 40 hectares, and so continuing on? Would the law prevent him from doing that if his neighbor was the owner of that much land and the following neighbor was the owner of that much land, and so forth? Could he not acquire in that way title to, say, 200 or 300 hectares?

Mr. QUEZON. According to the law, yes; from private ownership.

Mr. FORNES. When he becomes the owner he is a private owner, whether it is public land or any other land?

Mr. QUEZON. Oh, yes; certainly.

Mr. FORNES. He could acquire land in that way?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Now, Señor Quezon, in discussing the necessity for the purchase of the San Jose estate and the Isabela estate, both of which were largely unoccupied, you stated, I believe, that you did not think it was really necessary for the Government to buy those estates?

Mr. QUEZON. Yes, because——

Mr. WORCESTER. Because it had the right of condemnation?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Under the law?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Now, section 63 of the organic act reads:

That the Government of the Philippine Islands is hereby authorized, subject to the limitations and conditions prescribed in this act, to acquire, receive, hold, maintain, and convey title to real and personal property, and may acquire real estate for public uses by the exercise of the right of eminent domain.

Would you consider the purchase of these friar lands, to be turned over to the tenants, a public use within the meaning of the law?

Mr. QUEZON. In some way, yes; because the authority which the Government has to acquire private properties includes all kind of properties whose acquisition is made for the welfare of the people.

Mr. GARRETT. May I, in that connection, call your attention to the section immediately following that section, "That the powers hereinbefore conferred in section 63 may also be exercised in respect of any lands, easements, appurtenances, and hereditaments," and so forth. Would not that have a direct reference to friar lands?

Mr. WORCESTER. I understand that to mean whatever powers are conveyed under section 63, unless it is eliminated by that clause, "subject to the limitations and conditions prescribed in this act." But the thing I had in mind was whether the power conveyed in section 63 was not strictly the power to acquire real estate for public uses, so that under it we could condemn the friar lands for public uses only, and not to lease or sell them.

Mr. GARRETT. Well, I think section 63 gives the right to acquire any lands by condemnation for public uses, and then I think section 64 has direct reference to friar lands and confers the powers that are conferred in section 63 as to the friar lands.

The CHAIRMAN. If you will excuse me, it does not seem to me to be important. As a matter of fact, the Philippine Government did buy them.

Mr. GARRETT. I think that is quite true.

The CHAIRMAN. Whether they were compelled to buy them or not, they did buy them; if they had the power to condemn them, they did not condemn them, as that probably would have caused friction with the friars.

Mr. GARRETT. I concede it is purely a legal discussion and that it is not necessary to encumber the record with it.

Mr. WORCESTER. Do you remember whether at the last session or previous session of the legislature an act was passed by the assembly to encourage immigration to Mindoro and Mindanao?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Providing in a general way to send people there and support them until they could own their homes and to aid them in plowing, etc.?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Was it considered important to get people into Mindoro?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. And this is purposed being done in connection with the San Jose estate; that they might be interested in owning their own homes——

Mr. QUEZON. That is true; we have been very anxious for people to go to Mindoro and acquire lands there.

Mr. WORCESTER. When did the act pass?

Mr. QUEZON. It did not pass the commission——

Mr. WORCESTER. When did it pass the House?

Mr. QUEZON. It passed the assembly at the last previous session of the legislature.

Mr. WORCESTER. Before or after the purchase of the San Jose estate?

Mr. QUEZON. Before. I was a member of the assembly.

Mr. WORCESTER. If large sugar estates were to be started on unoccupied lands only, how would that lead to a monopolization of the sugar business?

Mr. QUEZON. At present I think that these sugar mills would be able to sell sugar at a less price than those employing very old methods.

Mr. WORCESTER. The price is fixed by the price of the world's market, is it not?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. So, unless these large enterprises made sugar enough to lower the price in the world's market they would not affect that. Are not Filipinos going to Hawaii now as sugar laborers?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Because they find higher wages there?

Mr. QUEZON. I believe that is the reason.

Mr. WORCESTER. If they could be kept in the Philippine Islands on modern sugar estates, it would be quite as well, perhaps.

Mr. QUEZON. We are trying to keep them.

Mr. WORCESTER. Just a word about the publicity which attached to these amendatory acts, one of which removed the restrictions from the sale of friar lands while the other repeated the provisions of the first; you were not in Manila at the time the first act passed, were you?

Mr. QUEZON. No, sir.

Mr. WORCESTER. And you do not know whether there was any discussion of it in the assembly, or not?

Mr. QUEZON. No, sir.

Mr. WORCESTER. Were you there when the second act passed?

Mr. QUEZON. I am not quite sure—if you will tell me the date—I think I was.

Mr. WORCESTER. It was May 20, 1909, that the second act passed.

Mr. QUEZON. May 20, 1909; no, sir; I was not there.

Mr. WORCESTER. So you can give no information as to whether or not there was a full discussion of these bills in the house?

Mr. QUEZON. No, sir.

Mr. WORCESTER. Between the time of the passage of these two bills and the contract of sale with Mr. Carpenter, were you there?

Mr. QUEZON. Yes, sir.

Mr. WORCESTER. Do you know whether a prospectus of the San Jose estate was meanwhile issued and circulated?

Mr. QUEZON. I do not know.

Mr. WORCESTER. It was. I think that is all, Senor Quezon.

Mr. QUEZON. Mr. Chairman, before I leave my place I want to submit to the committee another point. I would like for the committee to consider whether the Philippine Government has the right to lease lands in excess of 16 hectares to anybody. As I stated here the other day, the question of leases has not been discussed very much in the Philippines. I do not know whether the Filipinos are in favor of large leases or not, but I think it should pass on this question, so as to avoid any trouble in the future with the Philippine Government about the validity of these leases.

The CHAIRMAN. If there is no objection on the part of the committee, I think it would be proper to insert in the record at this point the resolutions of the Philippine Assembly, concerning which Mr. Quezon has testified. It has been referred to this committee by the Speaker of the House. It was addressed to him and by him referred to this committee. I think it ought to go in the record.

(The resolution referred to is as follows:)

[Assembly resolution No. 14, Second Philippine Legislature, first session.]

RESOLUTION Declaring the sale in large and unlimited tracts of land belonging to the so-called "friar estates" to be contrary to the will, the sentiments, and the interests of the Philippine people.

Whereas it is the general desire of the Philippine people to secure, now and in future, the means to preserve peace and bring happiness to the inhabitants of this country through a quiet, peaceful, and productive exploitation of its soil;

Whereas the Philippine people consider that the acquisition of unlimited tracts of land by large foreign associations or corporations, for the purpose of exploiting them for their own benefit, might disturb that peace and destroy that happiness desired with such fervor, because it believes that such corporations would establish a ruinous competition with the Philippine capitalists and producers, as thanks to their powerful resources they would acquire predominance in the field of exploitation of the native energies, and that, once established in the country, said corporations would constitute a great obstacle to the political emancipation desired by the Philippine people in general;

Whereas the transfer to the corporations mentioned of the land purchased from the friars might result in a renewal in this country of the political-social disturbances of the past caused by the exploitation of the same estates by the religious corporations, this circumstance having constituted, as everybody knows, one of the principal causes of the last Philippine revolution;

Whereas the rule of the corporation or the concentration of the great agricultural interests in the hands of corporations has produced and is producing in the various countries, first in England, then in Germany, and subsequently in the United States, social commotions that are always a menace to the safety and welfare of a nation;

Whereas the Philippine Republic, ever to be remembered by us all, endeavored during the brief period of its existence to prevent this fearful social peril by providing, in the additional article of its constitution, for the transfer of the property and buildings of the religious corporations to the national Philippine Government;

Whereas the present government of occupation has purchased the friar estates, not for the purpose of making them a new source of disturbances and protests, but in order to contribute to the peace and welfare of the Philippine people, according to the provisions of section sixty-four of the organic law of the Philippine Islands;

Whereas the Philippine Assembly deems it a duty not to be evaded, and at the same time a right derived from the essential principles of a democratic régime, to cause the voice of the people represented by it to be heard in the official spheres of the Philippine administration and of the Government of the sovereign country: Now, therefore, be it

Resolved, That the Philippine Assembly do, and hereby does, declare, without entering upon a discussion of the legality or illegality of the matter, that the sale in large and unlimited tracts of the so-called "friar estates" to great corporations for their exploitation is contrary to the will, the sentiments, and the interests of the Philippine people; and further, that the assembly do, and hereby does, state its desire that the sale of said estates to persons other than those who were tenants of the same prior to June third, nineteen hundred and eight, and of all other property acquired by the Government subsequent to the treaty of Paris be made subject to the limitations contained in section fifteen of the organic act of the Philippine Islands relative to the public lands acquired by the United States in the Philippine Islands under the treaty of peace with Spain; and

Resolved further, That copies of this resolution be forwarded to the Congress of the United States, the Philippine Commission, and the honorable the Secretary of War.

Adopted December 6, 1910.

I hereby certify that the foregoing resolution was adopted by the house on December 6, 1910.

RAMÓN DIAKNO,
Secretary Philippine Assembly.

Mr. GARRETT. Mr. Quezon has referred to the matter of leasing lands. Do you mean an additional right to lease more than 16 hectares?

Mr. QUEZON. Yes, sir; to any individual.

The CHAIRMAN. Do you mean public lands under section 15?

Mr. QUEZON. Yes, sir. There is a question in my mind whether the public-land act of the Philippines, which authorizes the leasing of more than 16 hectares, is constitutional or not.

Mr. JONES. The question here is whether or not the Philippine Legislature has the right to enact such legislation as that under the organic law of Congress—that is, whether it is in conflict with the organic law.

Mr. QUEZON. Some of these leases are for 25 years, and we do not know what might happen in the course of that time. I do not want to see the Philippine Government in any possible trouble in the future, and since we have all this matter now before us, it would be well to discuss all these questions.

Mr. GARRETT. Has that act relative to the leasing of lands been put in the record?

The CHAIRMAN. Yes, both of them are in the record. I can not give you the page off-hand, but it is in there. The clerk informs me that it is at page 357.

Mr. MARTIN. I think it is now up to you.

Mr. GRAHAM. I would like to ask one question of Mr. Jones. In your reply to Mr. Quezon, did you state that you considered there was no conflict between that act of the Philippine Legislature and the organic act? You stated it in such a way that I thought you intended to say that there was no conflict.

Mr. JONES. I did not intend to convey any such idea as that. What I stated was in the form of a question. What I wanted to know was whether that act of his legislature was in conflict with the organic law, and therefore unconstitutional, so to speak.

Mr. WORCESTER. I agree with Señor Quezon. I do not understand that he desires to discuss that now, but it is an important matter that this full subject of the law should be cleared up. If

the Philippine Government makes sales and leases of public lands which they have no right to make, it would be just as disastrous to make similar leases and sales of friar lands, and I hope the whole matter will be cleared up at this session of Congress.

Mr. GARRETT. Mr. Worcester, I want to ask one question of you. You spoke in your question to Mr. Quezon of efforts made by American capital to purchase sugar land and to institute centrales prior to the first purchase of the San Jose estate. Was that about the time that the so-called Philippine tariff bill was pending here in Congress?

Mr. WORCESTER. No, sir; I do not think you quite understood me. The propositions, as I remember them, at that time were propositions looking to the making of cane contracts with native growers, and so far as I know there was no special plan to get land.

Mr. GARRETT. You spoke of somebody, a manufacturer of sugar machinery.

Mr. WORCESTER. Yes, sir; there were two cases I had in mind; one that of a representative of the Honolulu Iron Works, who came out there for the purpose of getting paying contracts for a mill, if it was established. The other case which I have clearly in my mind was that of some gentlemen who had a mill in the Hawaiian Islands. They found that the artesian wells they sank for irrigation water gave them salt water. This left them with a mill on hand, and they came to the Philippines to see what the prospects would be for getting cane contracts.

Mr. GARRETT. Was that while the Philippine tariff bill was pending here in the Fifty-ninth Congress?

Mr. WORCESTER. It was long prior to that time. It was during the comparatively early times out there. The reason Señor Quezon did not know about them was because he was not at Manila at the time and naturally he would not have heard.

The CHAIRMAN. Taking the language of the organic act, do you find any authority for leasing public lands in larger amounts than 16 hectares to an individual?

Mr. WORCESTER. I must examine the organic act. In section 13 we have the words:

That the Government of the Philippine Islands, subject to the provisions of this act and except as herein provided, shall classify according to its agricultural character and productiveness, and shall immediately make rules and regulations for the lease, sale, or other disposition of the public lands other than timber and mineral lands, but such rules and regulations shall not go into effect or have the force of law until they have received the approval of the President, etc.

Now, that authorized the making of rules and regulations on the subject of leasing, under the act, to be submitted to the President.

The CHAIRMAN. Provided that a single homestead entry shall not exceed 16 hectares in extent.

Mr. WORCESTER. But that imposes no limitation on what may be leased.

The CHAIRMAN. Now, when you come to section 15 [reading]:

That the Government of the Philippine Islands is hereby authorized and empowered, on such terms as it may prescribe, by general legislation, to provide for the granting or sale and conveyance to actual occupants and settlers and other citizens of said islands such parts and portions of the public domain, other than timber and mineral lands, of the United States in said islands as it may deem wise, not exceeding sixteen hectares to any one person.

Within the limitation of 16 hectares.

Mr. WORCESTER. Yes, sir.

The CHAIRMAN. Do you or do you not consider the word "granting" as including leasing?

Mr. WORCESTER. I consider that as not including leasing, for the reason that the proviso in that same section goes on to say, "That the grant or sale of such lands, whether the purchase price be paid at once or in partial payments." So I take it that "grant" means a sale in that case.

The CHAIRMAN. Your construction is that section 13 leaves it to the Philippine Government to determine upon what terms and in what amounts it will lease these lands?

Mr. WORCESTER. Yes, sir.

Mr. JONES. And you contend that they would have the authority under this organic law, if they chose to exercise it, to lease public lands in quantities anywhere from 2,500 across up to 25,000 acres, up to 99 years?

Mr. WORCESTER. No, sir; that is not my contention. My contention is that they would have had the authority to put such a rule in an act and then to submit it to the President and Congress for their action—that is, for approval by the President and for action by Congress; but if it was approved by the President and left unacted upon by Congress it would become a law.

Mr. JONES. Now, suppose instead of putting that in the act they had put in the act a provision for the sale of the lands to the amount of 25,000 acres, and that had been submitted for the approval of the President and Congress, would that have made it legal to sell land in quantities of 25,000 acres?

Mr. WORCESTER. I should want to go through the organic act and see whether there are not further limitations here. I have not attempted to do that.

Mr. JONES. I am calling your attention to section 13. Do you think that under that language which says "lease or sell," do you think that under that language you could lease 25,000 acres of land to one corporation for 99 years if the Legislature or Government of the Philippines authorized it, and that law of the Philippine Government was submitted to the President and Congress and not disapproved? Do you think they could lease it?

Mr. WORCESTER. Unless there is some limitation in the organic act, and I really have not gone through it.

Mr. JONES. But I thought your idea was that that was the method by which the organic act could be amended; that you would not have to come to Congress to amend the act directly, but you could amend it by the Philippine Legislature passing an act and having that act submitted to the President and Congress, and in the absence of this approval by Congress it would become a law and would, in effect, be an amendment to the organic act. Is not that the effect of your contention?

Mr. WORCESTER. Let me call your attention to one very important difference between these two sections. In section 13 we are authorized to make rules and regulations for lease and sale, etc., and submit these to Congress, but in section 15 we are authorized to prescribe by general legislation certain other things subject to the limitation therein given.

Mr. JONES. You make a distinction between lease and sale.

Mr. WORCESTER. No. I think there is a great distinction between rules and regulations on the one hand and the authorization to pass general legislation on the other. I understand it to be a comparatively unimportant matter to authorize the making of rules and regulations, but the power to pass general legislation is quite a different thing.

Mr. JONES. It was contended here before the committee a day or two ago that if the Legislature of the Philippines passed a law which seemed to contravene the provisions of the organic act, and that law was submitted to the President and Congress and not disposed of, that it would thereby become a valid act. That was contended here before the committee. I wanted to know if that was your view.

Mr. WORCESTER. That would not be my view at all, unless Congress in the organic act specifically authorized that procedure for amending the act itself, and I do not understand that this was done.

Mr. JONES. It was in reference to the question raised by Mr. Quezon, in which he took the ground, as you may remember, that you could not sell these public lands in these quantities to any other person than a citizen of the Philippine Islands. He raised that point before the committee, and it was contended that, notwithstanding that fact, the legislature had passed a law which specifically permitted these lands to be sold to anybody, and inasmuch as that act had been submitted to the President and Congress and had not been disapproved, it became effective, notwithstanding the limitations in the organic act. That question was raised, and that was the reply which was made.

Mr. WORCESTER. I do not think I made that reply.

Mr. JONES. You did not, and therefore I am asking whether or not that is the view taken by yourself.

Mr. WORCESTER. That is not my view. My view would be that the Philippine Commission would be powerless to amend any act of Congress, but that it might under the authority of Congress legislate on any subject which Congress might authorize. We have always held that our power comes from Congress, and that we can not enact a law that we are not entitled to pass under that authority, and then by the mere fact that our action may be overlooked at this end of the line have such an act become a law.

Mr. JONES. That is my contention, but I wanted to know.

Mr. WORCESTER. I am glad to know that you, a very skillful lawyer, should agree with me.

Mr. JONES. And I am glad to know that you, as an administrator of the law, agree with me.

STATEMENT OF HON. JOHN A. MARTIN.

The CHAIRMAN. Mr. Martin, you have asked to be heard. Do you desire to appear as a witness, or in what capacity?

Mr. MARTIN. I propose to continue the introduction of the document and records that I referred to in my opening statement, but I am willing to appear before the committee in any capacity desired. I do not expect to make any reservations in my own behalf in that regard.

The CHAIRMAN. I am merely asking.

Mr. MARTIN. I do not want the members of the committee to be alarmed at the bulk of these exhibits, because it will not take very long to go through them. At the time of making my opening statement, I introduced some documents and records. During the course of the hearing, a number of other documents and records which it was my purpose to introduce have already been placed before the committee by different witnesses who have appeared, and are now a part of the record. I desire, with the permission of the committee, to continue the introduction of documents to which I referred in my opening statement, and which I consider material to the controversy. As I recollect it, the first document to which I referred, and which I was not permitted to introduce as not being the proper order of the case, was Senate bill No. 7401, of the Sixty-first Congress, introduced on March 25, 1910.

The CHAIRMAN. That bill is now before this committee; it has not been passed, and I fail to see its relevancy. It is not a law.

Mr. MARTIN. It is not my purpose to introduce the entire bill, at all. It was my purpose to introduce only those sections intended to amend the organic law of the Philippines, particularly section 15, enlarging the quantity of land that could be purchased by an individual from 16 hectares, or 40 acres, to 500 hectares, or 1,250 acres. I desire to introduce it in that connection. You have the bills that came to the House.

The CHAIRMAN. I had the bill that passed the Senate, and it is 50 hectares and not 500.

Mr. MARTIN. As it was presented to the Senate it did include 500 hectares, but as it passed the Senate it was 50 hectares.

The CHAIRMAN. I do not think that we ought to be asked to take up our time considering amendments and propositions that were presented to the United States Senate and not adopted. I do not see how it will help us to determine what the law is now.

Mr. MARTIN. It was not my desire to introduce this matter for that purpose. I desire to introduce that portion of the act as it was introduced in the Senate, together with the portion of the letter of the Secretary of War accompanying the bill, addressed to Senator Lodge, which referred to the proposed enlargements, and that part of the report of the Senate Committee on the Philippines showing the action taken upon these sections, striking them out, as an expression of the United States Senate on the present policy of this Government with reference to land holdings in the Philippines, which I maintain is in conformity with the past policy of Congress. In other words, the sole purpose of introducing the matter that I hold in my hand, that is, the parts mentioned in the three instruments, the bill, the letter, and the report, was to show the policy of Congress with reference to land holdings in the Philippines.

The CHAIRMAN. The bill as introduced increased the amount to 500 hectares and it was then reduced to 50 hectares, and it came to this committee. It has not been acted upon at all. How does that illustrate the policy of the United States on the question?

Mr. MARTIN. That section 15 was stricken out of the bill by the Senate Committee on the Philippines practically without debate and by unanimous vote, in the face of a written request from the Secretary of War that it be favorably passed upon. I consider that a marked

and decided expression on the part of the United States Senate as to the policy of this Government on limitations of land holdings in the Philippines.

The CHAIRMAN. The law as it stands on the statute books must express the policy of the Government on that question.

Mr. MARTIN. Of course the committee can disregard them in the record. It will not incumber the record to any great extent. I would like to have it in the record, because I have taken out everything that does not pertain to the land limitations. I have cut out everything else, and it will not make more than three or four pages in the record.

The CHAIRMAN. I think if any of it goes in, all of it should go in.

Mr. MARTIN. I am willing for all of it to go in.

The CHAIRMAN. If it is to become the subject of protracted argument, I should oppose taking up our time with anything that has no relevancy to the matter before us. It is a proper matter to consider when we consider the Senate bill, which is before the committee now, but we have not had time to act upon it at this session of Congress.

Mr. MARTIN. This of course is to be considered in connection with the continued and repeated efforts made by the Philippine Commission to secure at the hands of Congress an enlargement of the land holdings in the Philippines and the continued and repeated refusals of Congress to accede to this request in any particular.

The CHAIRMAN. How do they affect our inquiry? We are by this resolution under which we are proceeding directed to make a complete and thorough investigation of the interior department of the Philippine Government touching the administration of Philippine lands and all matters of fact and law pertaining thereto. These are not matters of law; they are matters that somebody wanted to become law, and which have not become law.

Mr. MARTIN. In my judgment they never will become law——

The CHAIRMAN. Then they are still more irrelevant.

Mr. MARTIN. But they show the policy undertaken by the Philippine Government.

Mr. JONES. In order to show the sentiment or the wishes of the people whether they desired to increase the authority to hold land, would they not touch upon that point—that section of the bill referring to the limitation?

The CHAIRMAN. What is the pleasure of the committee? In my judgment they are wholly irrelevant, and if any time is to be taken up in argument, I do not think we ought to consider them at all.

Mr. RUCKER. I understand that Mr. Martin has asked to introduce the matters that he has named for the purpose of throwing light on the policy that this Government started out with in the disposition of all the land in our possession, and especially with reference to the Philippine organic act. Now, it looks to me as if this was a question of argument——

The CHAIRMAN. It is not a thing we are inquiring into. The only thing we are inquiring about is found in the law.

Mr. RUCKER. He is contending that this was engrafted possibly upon the policy of the law.

The CHAIRMAN. It has not been engrafted upon it yet; it takes the action of both Houses of Congress to make it a law.

Mr. GARRETT. I quite concur in the idea that the matter is really not relevant to this particular inquiry. I concur in the idea of the chairman as to that, but it seems to be short, and we have a great deal of irrelevant matter in this record. I believe the shortest way is to put it in.

The CHAIRMAN. I object to it in its disjointed form. I think if any of it goes in all of it should go in. If there is no objection to it, the Chair will not make any to putting that matter in the record, if you will put the full act and amendment, the report of the committee, and the letter of the Secretary of War.

Mr. MARTIN. I will tender the instruments in their entirety. It was proposed in this act to amend the citizenship section of the organic act, and this was also stricken out by the Senate.

The CHAIRMAN. It has no relevancy to this inquiry; but if there is no objection, it may be inserted in the record at this point.

[S. 7401, Sixty-first Congress, second session.]

A BILL To amend an act approved July first, nineteen hundred and two, entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes."

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That sections four, seven, eight, thirteen, fourteen, fifteen, and sixteen of the act of Congress approved July first, nineteen hundred and two, entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," are hereby amended so that said sections as amended shall read as follows:

"Sec. 4. That all inhabitants of the Philippine Islands continuing to reside therein who were Spanish subjects on the eleventh day of April, eighteen hundred and ninety-nine, and then resided in said islands, and their children born subsequent thereto, shall be deemed and held to be citizens of the Philippine Islands and as such entitled to the protection of the United States, except such as shall have elected to preserve their allegiance to the Crown of Spain in accordance with the provisions of the treaty of peace between the United States and Spain, signed at Paris December tenth, eighteen hundred and ninety-eight: *Provided*, That the Philippine Legislature is hereby authorized to enact a law by which persons who do not come within the foregoing provisions may acquire citizenship in the Philippine Islands: *Provided, however*, That the privilege of acquiring Philippine citizenship may not be extended to persons other than natives of the Philippine Islands and other insular possessions of the United States who, under the laws of the United States, if residing there, would not be capable of naturalization."

"Sec. 7. That all the legislative power heretofore conferred on the Philippine Commission over all that part of the Philippine Islands not inhabited by Moros or other non-Christian tribes shall be vested in a legislature consisting of two houses—the Philippine Commission and the Philippine Assembly. Said assembly shall consist of not less than fifty nor more than one hundred members, to be apportioned by said commission among the provinces as nearly as practicable according to population: *Provided*, That no province shall have less than one member: *Provided further*, That provinces to which more than one member shall be apportioned may be divided into such convenient districts as the said commission may deem best.

"Public notice of such division shall be given at least ninety days prior to such election, and the election shall be held under rules and regulations to be prescribed by law. The qualifications of electors in such election shall be the same as are now provided by law in the case of electors in municipal elections: *Provided, however*, That should the Philippine Legislature pass a law providing for more strict requirements for qualification of electors in municipal elections, the same requirements shall apply to electors in elections for members of the assembly.

"The present members of the assembly shall hold office until the fourth day of March, nineteen hundred and twelve, and their successors shall be chosen by the people in the year nineteen hundred and eleven and in every fourth year thereafter, and shall hold office for four years beginning on the fourth day of March next following their election. No person shall be eligible to such election who is not a qualified

elector of the election district in which he may be chosen, owing allegiance to the United States, and twenty-five years of age.

"The legislature shall hold annual sessions, commencing on a date fixed by the Philippine Legislature, and continuing not exceeding ninety days thereafter (Sundays and holidays not included): *Provided*, That if at the termination of any fiscal year the appropriations necessary for the support of Government for the ensuing year shall not have been made an amount equal to the sums appropriated in the last appropriation bills for such purpose shall be deemed to be appropriated; and until the legislature shall act in such behalf the treasurer shall, by direction of the Governor General, make the payments necessary for the purposes aforesaid.

"The legislature may be called in special session at any time by the Governor General for general legislation or for action on such specific subjects only as he may designate. No special session shall continue longer than thirty days, exclusive of Sundays.

"The assembly shall be the judge of the elections, returns, and qualifications of its members. A majority shall constitute a quorum to do business, but a smaller number may adjourn from day to day and may be authorized to compel the attendance of absent members. It shall choose its speaker and other officers, and the salaries of its members and officers shall be fixed by law. It may determine the rules of its proceedings, punish its members for disorderly behavior, and with the concurrence of two-thirds of the entire membership expel a member. It shall keep a journal of its proceedings, which shall be published, and the yeas and nays of the members on any question shall, on the demand of one-fifth of those present, be entered on the journal.

"Sec. 8. That there shall be chosen by the Philippine Legislature, and every four years thereafter, each house voting separately, two Resident Commissioners to the United States, who shall be entitled to an official recognition as such by all departments upon presentation to the President of a certificate of election by the governor general of the said islands, and each of whom shall be entitled to a salary payable monthly by the United States at the rate of seven thousand five hundred dollars per annum, and two thousand dollars per annum additional to cover all expenses. Such commissioners shall be allowed the same sum for stationery and for the pay of necessary clerk hire as is now allowed to Members of the House of Representatives of the United States; and the franking privilege now enjoyed by Members of the House of Representatives: *Provided*, That no person shall be eligible to such election who is not a qualified elector of said islands, owing allegiance to the United States, and who is not thirty years of age."

"Sec. 13. That the Government of the Philippine Islands, subject to the provisions of this act and except as herein provided, shall classify according to its agricultural character and productiveness, and shall immediately make rules and regulations for the lease, sale, or other disposition of the public lands other than timber or mineral lands, but such rules and regulations shall not go into effect or have the force of law until they have received the approval of the President, and when approved by the President they shall be submitted by him to Congress at the beginning of the next ensuing session thereof, and unless disapproved or amended by Congress at said session they shall at the close of such period have the force and effect of law in the Philippine Islands: *Provided*, That a single homestead entry shall not exceed fifty hectares in extent.

"Sec. 14. That the Government of the Philippine Islands is hereby authorized and empowered to enact rules and regulations and to prescribe terms and conditions to enable persons to perfect their title to public lands in said islands, who prior to the transfer of sovereignty from Spain to the United States had fulfilled all or some of the conditions required by the Spanish laws and royal decrees of the Kingdom of Spain for the acquisition of legal title thereto, yet failed to secure conveyance of title; or who, by themselves or their predecessors in interest, shall have been for a period of five years in the open, continuous, exclusive, and notorious possession of agricultural public lands or have cultivated such public lands for the three years last preceding the filing of petition for registration of title, under a bona fide claim of ownership, and said government is authorized to issue patents, without compensation, to any native of said islands, conveying title to any tract of land not more than fifty hectares in extent, which were public lands and had been actually occupied by such native or his ancestors prior to and on the thirteenth of August, eighteen hundred and ninety-eight.

"Sec. 15. That the Government of the Philippine Islands is hereby authorized and empowered, on such terms as it may prescribe, by general legislation, to provide for the granting or sale and conveyance to actual occupants and settlers and other citizens of said islands such parts and portions of the public domain, other than timber and mineral lands, of the United States in said islands as it may deem wise, not exceeding five hundred hectares to any one person, and for the sale and conveyance

of not more than one thousand and twenty-four hectares to any corporation or association of persons: *Provided*, That the grant or sale of such lands, whether the purchase price be paid at once or in partial payments, shall be conditioned upon actual and continued occupancy, improvement, and cultivation of the premises sold for a period of not less than five years, during which time the purchaser or grantee can not alienate or encumber said land or the title thereto; but such restriction shall not apply to transfers of rights and title of inheritance under the laws for the distribution of the estates of decedents.

"Sec. 16. That in granting or selling any part of the public domain under the provisions of the last preceding section, preference in all cases shall be given to actual occupants and settlers; and such public lands of the United States in the actual possession or occupancy of any native of the Philippine Islands shall not be sold by said Government to any other person without the consent thereto of said prior occupant or settler first had and obtained: *Provided*, That the prior right hereby secured to an occupant of land, who can show no other proof of title than possession, shall not apply to more than fifty hectares in any one tract."

Sec. 2. That the President is authorized to transfer any bureau or office existing or hereafter created to any department of the Philippine Government.

WAR DEPARTMENT,
Washington, March 22, 1910.

MY DEAR SENATOR: I beg to transmit herewith a draft of a bill amending in certain respects the act of July 1, 1902, known as the "organic act of the Philippine Islands."

The suggested bill has in view the following objects:

First. It is proposed to amend section 4 of that act, defining "citizens of the Philippine Islands," by conferring on the Philippine Legislature the authority to enact legislation enabling certain classes of Filipinos now excluded and aliens to become "citizens of the Philippine Islands." The necessity of providing in some way that persons may acquire the status of "citizens of the Philippine Islands" has heretofore been brought to your attention. You will doubtless remember S. 5766, Fifty-ninth Congress, first session (printed as S. Doc. No. 336, 59th Cong., 1st sess.), which was designed to accomplish this purpose directly by an act of Congress.

However, as it is not desired to confer United States citizenship, or, in fact, in any way to make it more easy for aliens of any class to become citizens of the United States, it is felt that it would be more logical to leave the entire matter to the Philippine Legislature with such limitations as Congress may see fit to impose. The limitation recommended by the Philippine Commission, which seems wise, is that the legislature may not admit to citizenship of the Philippine Islands any persons, other than natives of the Philippine Islands and other insular possessions of the United States, who under the laws of the United States may not be naturalized as citizens thereof.

The necessity for this action is clear and in certain cases urgent. The present definition of "citizens of the Philippine Islands" excludes many natives of the islands who were accidentally absent from the islands on the 11th day of April, 1899, as it does the children of such persons.

It being now impossible for persons residing in the Philippine Islands, even though they have legally declared their intention of becoming citizens of the United States, to become such citizens without prolonged residence in the United States and consequent absence from their business and occupation, it becomes necessary to enable such people to become "citizens of the Philippine Islands" in order that they may be entitled to certain legal privileges in those islands restricted to citizens of the United States or of the Philippine Islands.

Second. It is recommended that section 7 of the organic act be modified so that the term of office of the members of the Philippine Legislature will conform to the period of its annual sessions. As the terms of members expire on the 31st of December, alternate years, this results in the shortening of the session beyond the period necessary for the performance of the duties of the legislature every other year. It is recommended, therefore, that the 4th day of March, instead of the 1st of January, be fixed as the date for the termination of the term of office of members of the legislature.

At present members of the legislature are elected for two years. It is believed it would be better that the members of the legislature should hold office for four years, thus necessitating fewer elections. It is believed also that if this is done with reference to members of the legislature that the legislature itself will be glad to conform thereto by providing for quadrennial elections for provincial and municipal officers. It is desired to provide further in this section that the qualifications of electors in the election for members of the legislature shall not be less strict than those now

provided by law for electors for municipal officers. This is desired simply to correct the present anomalous condition due to the fact that the qualification of electors, as fixed by the act of Congress of July 1, 1902, was made the same as that fixed by the Philippine laws for the municipal electors at that time. It has since been necessary to amend the municipal election laws in regard to the qualifications of electors, and it is desired that the qualifications should be uniform in all elections.

Third. To provide for the election of the Resident Commissioners to the United States every four years instead of every two years, as at present, in order that their tenure of office may conform to that of the members of the Philippine Legislature, and to give them the same privileges and emoluments in the way of stationery, clerk hire, and the use of the official frank as are provided by the bill which has been favorably reported by the Committee on Insular Affairs of the House for the Resident Commissioner from Porto Rico.

Fourth. To give the President authority to transfer from one department to another of the Philippine Government bureaus or offices now existing or hereafter created.

When the existing bureaus and offices were created, their assignments to departments were made so as to conform to the special qualifications of the secretaries of the several departments. There have been occasions when changes were made in the membership of the Philippine Commission where this authority would have been useful. In fact, it is desired at the present time to transfer the bureau of agriculture from the department of the interior to the department of public instruction, not for the reason stated, however, but because the study of agriculture is a part of the curriculum of the public schools of the islands, and as the bureau of agriculture is an educational institution the allied nature of the work makes the change desirable.

Sixth. It is proposed to amend sections 13, 14, 15, and 16, relating to the public lands, so that the amount of land which may be homesteaded will be increased from 16 to 50 hectares; to empower the Philippine Government to give free title under proper restrictions to persons who have been in undisputed occupancy of land for five years and who have cultivated it for three years prior to the filing of petition for title, and to increase the amount of land which may be sold to an individual from 16 to 500 hectares.

The public lands of the Philippine Islands are ample for all, but, through ignorance or improvidence, many of the natives occupy land without taking the necessary steps to obtain title to it, and notwithstanding the liberal provisions of the laws relating to the registration of land titles, many persons who have fulfilled the requirements of section 14 have failed to institute steps to secure proper titles to their lands. It is desired to give them the opportunity of securing titles at such time as they may be brought to realize the importance of doing so.

The amount of land which may be homesteaded under the present laws is small, and by increasing it to 50 hectares it is believed that more persons may be induced to take up land. Very little land has been taken up through this means, and this is probably due to the small amount which may be acquired.

It is thought that by increasing the amount of public land which may be sold to individuals from 16 to 500 hectares there will be sufficient inducement for persons of capital to purchase public land and make the necessary outlay for modern machinery to develop it. The present restrictions in this respect have served no useful purpose, but on the other hand it is believed that they have retarded agricultural development in the islands.

These measures are recommended by the Philippine Commission in its annual report for 1909, and they have the approval of the President. It is hoped that they may be enacted into law at this session of Congress.

Very sincerely,

J. M. DICKINSON,
Secretary of War.

Hon. H. C. LODGE,
*Chairman Committee on the Philippines,
United States Senate.*

[Senate Report No. 488, Sixty-first Congress, second session.]

The Committee on the Philippines, to which was referred the bill (S. 7401) to amend an act approved July 1, 1902, entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," report the same favorably, with amendments as follows:

Strike out all of section 4.

On page 6, line 23, before the word "open," insert the word "actual."

On page 6, line 23, strike out "continues" and insert "continuous."

Strike out all of section 15.

The committee also present as a part of their report the following extracts from the letter of the Secretary of War, dated March 22, 1910:

WAR DEPARTMENT,
Washington, March 22, 1910.

It is recommended that section 7 of the organic act be modified so that the term of office of the members of the Philippine Legislature will conform to the period of its annual sessions. As the terms of members expire on the 31st of December, alternate years, this results in the shortening of the session beyond the period necessary for the performance of the duties of the legislature every other year. It is recommended, therefore, that the 4th day of March, instead of the 1st of January, be fixed as the date for the termination of the term of office of members of the legislature.

At present members of the legislature are elected for two years. It is believed it would be better that the members of the legislature should hold office for four years, thus necessitating fewer elections. It is believed also that if this is done with reference to members of the legislature that the legislature itself will be glad to conform thereto by providing for quadrennial elections for provincial and municipal officers. It is desired to provide further in this section that the qualifications of electors in the election for members of the legislature shall not be less strict than those now provided by law for electors for municipal officers. This is desired simply to correct the present anomalous condition due to the fact that the qualifications of electors as fixed by the act of Congress of July 1, 1902, was made the same as that fixed by the Philippine laws for the municipal electors at that time. It has since been necessary to amend the municipal election laws in regard to the qualifications of electors, and it is desired that the qualifications should be uniform in all elections.

Third. To provide for the election of the Resident Commissioners to the United States every four years instead of every two years, as at present, in order that their tenure of office may conform to that of the members of the Philippine Legislature, and to give them the same privileges and emoluments in the way of stationery, clerk hire, and the use of the official frank as are provided by the bill which has been favorably reported by the Committee on Insular Affairs of the House for the Resident Commissioner from Porto Rico.

Fourth. To give the President authority to transfer from one department to another of the Philippine Government bureaus or offices now existing or hereafter created.

When the existing bureaus and offices were created, their assignments to departments were made so as to conform to the special qualifications of the secretaries of the several departments. There have been occasions when changes were made in the membership of the Philippine Commission where this authority would have been useful. In fact, it is desired at the present time to transfer the bureau of agriculture from the department of the interior to the department of public instruction, not for the reason stated, however, but because the study of agriculture is a part of the curriculum of the public schools of the islands, and as the bureau of agriculture is an educational institution, the allied nature of the work makes the change desirable.

Sixth. It is proposed to amend sections 13, 14, 15, and 16, relating to the public lands, so that the amount of land which may be homesteaded will be increased from 16 to 50 hectares; to empower the Philippine Government to give free title under proper restrictions to persons who have been in undisputed occupancy of land for five years and who have cultivated it for three years prior to the filing of petition for title.

The public lands of the Philippine Islands are ample for all, but, through ignorance or improvidence, many of the natives occupy land without taking the necessary steps to obtain title to it, and notwithstanding the liberal provisions of the laws relating to the registration of land titles, many persons who have fulfilled the requirements of section 14 have failed to institute steps to secure proper titles to their lands. It is desired to give them the opportunity of securing titles at such time as they may be brought to realize the importance of doing so.

The amount of land which may be homesteaded under the present laws is small, and by increasing it to 50 hectares it is believed that more persons may be induced to take up land. Very little land has been taken up through this means, and this is probably due to the small amount which may be acquired.

These measures are recommended by the Philippine Commission in its annual report for 1909, and they have the approval of the President. It is hoped that they may be enacted into law at this session of Congress.

Very sincerely,

J. M. DICKINSON,
Secretary of War.

Hon. H. C. LODGE,
Chairman Committee on the Philippines, United States Senate.

Mr. MARTIN. The next thing I wish to exhibit—I am sorry the full committee is not here, because it is an exhibit that I hardly know how to present—goes to the question of the understanding of the Philippine people with reference to the amendment of the friar-land act and their attitude with reference to the policy of the administration in selling these estates in large tracts. I hold in my hand a very large bound volume which I received by mail from Manila, entitled “Protests upon the Philippine Friar Estates,” or, as it is exactly worded, “Protests upon the Estates of Friars in the Philippines.” This volume contains resolutions which have been signed and circulated in 143 pueblos. Down in my country we call a town a pueblo. In other words, pueblo is Spanish for town. This document, I am advised, was circulated, or rather all the signed resolutions embodied in it were circulated, for a period of months all over the Philippine Archipelago, in the remotest sections of it, and it has not only been signed by thousands of Filipinos, but by 37 municipal councils.

The CHAIRMAN. What do you wish to do with it?

Mr. MARTIN. I can not do anything with it; I can not expect to have that printed, but I wanted to exhibit it to the committee as voicing the protest of the people of the Philippine Islands against the sale of the San Jose estate, because that is what these resolutions and signatures relate to.

Mr. GARRETT. Do you want to leave that with the committee?

Mr. MARTIN. I will be glad to leave it with the committee, but if nothing is ever done with it I would like to keep it myself. I would like to have the committee examine it.

The CHAIRMAN. You might read it to the committee.

Mr. WORCESTER. May I say a word in that connection? It was only a few moments ago that the Chair suggested that these matters would be interesting if we were considering further legislation, but that we are now dealing with legislation that exists. If that is to go in the record, even to the extent of exhibiting it to the committee, as Mr. Martin wishes to do, I want to say that that document could not have been circulated in the remotest parts of the Philippines, because there are parts of the Philippines into which no Christian Filipino has gone, and in which the people can not read or write, or sign a document of that sort.

The CHAIRMAN. Would it not be well to consider that in executive session?

Mr. MARTIN. I want the record to show that the volume contains resolutions and signatures showing that it was circulated in 143 pueblos, and the signatures are there, showing whether by the municipal councils or by the people, or by the municipal councils and the people combined.

The CHAIRMAN. In the opinion of the Chair, it is subject to the same objection that was made to the introduction of evidence of that kind by Mr. Worcester, and the Chair will submit the whole matter to an executive session of the committee.

Mr. MARTIN. Just one more word. It is a specific protest against the sale of the San Jose estate and the proposed sale of portions of the Calamba and Imus estates.

The CHAIRMAN. It is possibly signed by thousands of people who who never heard of any of these estates.

Mr. MARTIN. I wish to say, by the way, that I have never received a resolution from any source whatever in favor of the sale of the San Jose estate. That matter was gone into considerably by Mr. Worcester in his cross-examination of Mr. Quezon, but I never heard—

Mr. WORCESTER. Perhaps they would not send these resolutions to you.

The CHAIRMAN. Let us get along with the inquiry.

Mr. MARTIN. Passing along, I want to introduce some letters that appeared in the Congressional Record pertaining to a matter that has been gone into in the hearings several times.

I want to offer a letter from Attorney General Wickersham, dated March 28, 1910, addressed to Hon. Wm. S. Bennet, a Member of Congress from the State of New York, which appears in the Congressional Record for March 28, 1910, at page 3908, with reference to allegations as to his connection with the Sugar Trust.

The CHAIRMAN. I do not think we have anything to do with the relations of anyone to the Sugar Trust.

Mr. MARTIN. Also I desire to offer an authorized statement by Representative McKinlay, of California, made in the House of Representatives on March 21, 1910, and appearing in the Congressional Record of June 3, 1910, with reference to this same matter.

The CHAIRMAN. A speech?

Mr. MARTIN. Yes, sir; a speech made by Mr. McKinlay in defense of the Attorney General's office, after consultation with the Attorney General, and after securing facts from him, as he stated in his speech, upon which his statements were based, so it is not merely asking the committee to consider unauthorized statements made on the floor of the House.

The CHAIRMAN. You are aware that there is a provision of the Constitution to the effect that a Member of Congress can not be taken to account elsewhere for words spoken in debate. But independently of that, these papers are for the present excluded, and will be submitted in executive session.

Mr. MARTIN. I do not care to go into a statement of what these papers show, but I want to refer to them so that I may identify them. The next exhibit is a letter from Henry A. Wise, United States attorney for the southern district of New York, dated June 24, 1909, addressed to Hon. Geo. W. Wickersham, Attorney General, Washington, D. C., and appearing in the Congressional Record for June 3, 1910.

Mr. GRAHAM. I object to that and the others being put in evidence.

The CHAIRMAN. They will be submitted to the committee in executive session.

Mr. MARTIN. This letter shows that one of the purchasers of the San Jose estate was one of the directors or officers of the Sugar Trust and whose indictment was being sought at that time. In addition, I offer the reply of the Attorney General, dated June 25, 1909, and which appears in the Congressional Record for June 3, 1910. In addition, I offer another letter from Attorney General Wickersham to Mr. Wise, dated Sunday, June 27, 1909, with reference to the prosecution of the officers and directors of the Sugar Trust.

The CHAIRMAN. For the present they are excluded and will be submitted to the committee in executive session.

Mr. MARTIN. The next one is a letter from Mr. Henry W. Taft to Hon. William S. Bennet, dated June 23, 1910, and appearing in the

Congressional Record of June 27, 1910, with reference to the connection of Mr. Taft's law firm with Philippine matters generally and the sale of the friar lands.

The CHAIRMAN. That has already appeared in the Congressional Record.

Mr. MARTIN. It has been referred to before the committee, but not introduced.

The CHAIRMAN. For the present it is excluded, but will be submitted to the committee in executive session.

Mr. MARTIN. I think that is important. Of course, I think all of them are material, and I am quite clear that that one is.

The next is the charter of the Mindoro Development Co.

The CHAIRMAN. That is already in the record.

Mr. MARTIN. I was under the impression that it was in the record, and the amendment is. The amendment to the articles of incorporation is in the record, but if the charter is, I have overlooked it.

The CHAIRMAN. I think the amendment is the charter now; they simply made a new charter of it by the amendment, I think.

Mr. MARTIN. Pardon me, I will determine that fact. I think the amendment only went to the capitalization and one or two other things. I find the charter in the record.

I want next to introduce a very brief colloquy between Mr. Garrett, of the Insular Affairs Committee, and Gen. Edwards, of the Bureau of Insular Affairs, and Col. McIntyre, which occurred on April 14, 1910, relative to the Mindoro Development Co. That was before the committee last year on another matter. It is a colloquy with reference to whether that company was organized and chartered in the Philippine Islands.

The CHAIRMAN. I submit that that is wholly unimportant and irrelevant.

Mr. MARTIN. I desire to incorporate, however, in connection with the colloquy a cablegram from Gen. Edwards to Gov. Forbes, and the reply of Gov. Forbes. I simply want to present the facts as stated by the officials of the Bureau of Insular Affairs to this committee and the facts as they actually existed as shown by the cablegram, in order that the committee may have the entire matter before them.

Mr. MCINTYRE. Mr. Martin has heretofore used a mutilated telegram, although our record shows another telegram.

Mr. MARTIN. That is published in the document; in a House document.

Mr. MCINTYRE. That is the correct one.

The CHAIRMAN. There is no objection to the cablegram, but I do not think that a colloquy with somebody else is material.

Mr. MARTIN. I have no desire to offer any instrument in a mutilated form, so as to conceal anything. I have no desire in offering these matters to make any argumentative statements. I do not feel the liberty that some gentlemen seem to feel with reference to making speeches and arguments at every stage of the proceedings.

The CHAIRMAN. That is offered for what purpose?

Mr. MARTIN. I offer this colloquy for the purpose of showing that at the time the officials of the Bureau of Insular Affairs stated to this committee that the reply of the Governor General indicated that the company had been organized and probably would be authorized to do business, which was on April 13 last, they then had in their possession

a cablegram dated April 9 last, showing that the company had actually been organized and actually chartered to do business in the Philippine Islands.

The CHAIRMAN. They were chartered in New Jersey.

Mr. MARTIN. Yes, sir; they were chartered in New Jersey and authorized to do business in the Philippines, but when they stated that the company would probably be authorized to do business, they had in their possession a cablegram informing them that it had already been licensed to do business in the Philippine Islands.

The CHAIRMAN. The idea, then, is to prove that Col. McIntyre made a statement and then prove by somebody else that his statement was not true. Col. McIntyre is here, and you might ask him.

Mr. MARTIN. I want to say this: I think that it is proper and entirely just to me that I should be permitted at least to put in the record certain facts, record facts and documents, whereby I can show the difficulty that I have encountered at all times in getting full, complete, and accurate information about this transaction.

The CHAIRMAN. You have all the information there is. If these cablegrams are offered for the record, you may put them in now, but I do not think the rest of the matter should go in, as it reflects on somebody who is not on the stand. So far as the cablegrams are concerned, they are admitted.

(The cablegrams referred to are as follows:)

[Translation of cablegram sent Mar. 30, 1910.]

To FORBES, *Manila*.

* * * * *

Is there a Mindoro Development Co. authorized to do business in the Philippine Islands? If so, when and where was the company organized and what is the nature of its business?

* * * * *

EDWARDS.

[Translation of cablegram received at 4.04 a. m., Apr. 9, 1910.]

SECRETARY OF WAR, *Washington*.

* * * * *

Referring to telegram from your office of 30th ultimo, Mindoro Development Co., yes. Organized in New Jersey, probably this year. Business, production and the sale of sugar and various other agricultural products.

FORBES.

Mr. GARRETT. Have you ruled out the colloquy?

Mr. MARTIN. I think it is legitimate as a matter of argument for the committee to take notice of what appears in its own hearings, and if I wish to make any comment on that fact, I think I ought to be entitled to do so, even though it is not a part of the record in this case. We have got to take notice of some things.

Mr. GARRETT. Will you be kind enough to let the matter of that colloquy go over to an executive session?

The CHAIRMAN. Yes. For the present that is excluded and will be referred to the committee in executive session.

Mr. MARTIN. I shall also offer a letter from the Bureau of Insular Affairs, signed by Frank McIntyre, acting chief, addressed to John Henry Hammond, of New York, N. Y., dated September 4, 1909.

The CHAIRMAN. Is not that already in the record?

Mr. MARTIN. It has been referred to, but I am not quite certain that it is in the record.

The CHAIRMAN. It is admitted if it has reference to the sale of friar lands.

Mr. MARTIN. It has reference to Mr. Hammond's visit to the Bureau of Insular Affairs.

The CHAIRMAN. Without having seen the paper, I will let it take the same course, and it will be submitted to the committee in executive session.

Mr. MARTIN. I would like also to include this letter from the Bureau of Insular Affairs, to be found commencing on page 4834 and ending on page 4836 of the Congressional Record of April 4, 1910, to the chairman of the Committee on Insular Affairs, which was in answer to House resolution No. 575, containing considerable information as given to the House at that time with reference to these land transactions in the Philippines, and some of the cablegrams exchanged between the War Department and the Philippine Government.

The CHAIRMAN. That will also be considered in executive session.

Mr. MARTIN. I shall also offer a letter from Gen. Edwards, of the Bureau of Insular Affairs, to Mr. Olmsted, dated March 24, 1911, to be found on page 3801 of the Congressional Record, of March 26, 1910, relative to the friar lands, Philippine land leases, and the sale of the San Jose estate.

The CHAIRMAN. That will also be considered in executive session.

Mr. MARTIN. I also desire to put in the record a copy of the friar lands loan fund act No. 1736.

The CHAIRMAN. Was that enacted by the Philippine Legislature?

Mr. MARTIN. Yes, sir; it was enacted by the Philippine Legislature.

The CHAIRMAN. I am told that that is already in the record at page 182. It might not be the one to which you refer.

Mr. MARTIN. Yes, sir; that is in the record; I withdraw that. You can exclude that as well as the charter of the Mindoro Development Co.

Mr. GARRETT. The charter of the Mindoro Development Co. is already in.

Mr. MARTIN. I wish next to have incorporated in the record a letter from Capt. Sleeper to the secretary of the interior, at Manila, dated October 21, 1909, with reference to the call there of Prentiss and Poole. It appears on page 44 of House Document No. 1071.

The CHAIRMAN. That is admitted.

(The letter referred to is as follows:)

DEPARTMENT OF THE INTERIOR,
BUREAU OF LANDS,
Manila, October 21, 1909.

The SECRETARY OF THE INTERIOR, *Manila.*

SIR: I have the honor to inclose herewith copy of an opinion just rendered by the Attorney General as to the right of the Government to dispose of vacant friar lands without restrictions as to area.

Messrs. Prentiss and Poole, two sugar men, are desirous of purchasing sugar lands and have become interested in the San Jose de Mindoro estate. Before leaving the United States for the Philippines they were informed by the Bureau of Insular Affairs that an individual could not purchase more than 16 hectares of vacant friar lands. This information was furnished their attorney, Mr. Hammond, in Washington, and while they are apparently satisfied with the opinion of the Attorney General, which is concurred in by their attorney at Manila, it is requested that a cablegram be sent to the Chief of the Bureau of Insular Affairs, Washington, requesting a confirmation of the opinion expressed by the Attorney General, in order that the matter may be cleared up as speedily as possible and in order to satisfy the gentlemen mentioned, and thus clear the way for the sale of the San Jose estate.

It may be stated that it is probable that the Bureau of Insular Affairs have not considered acts Nos. 1847 and 1933, which amend the original friar-land act No. 1120.

Respectfully submitted.

Signed). C. H. SLEEPER,
Director of Lands.

A true copy:

C. H. SLEEPER, *Director of Lands.*

Mr. MARTIN. I wish also to introduce the correspondence here——

The CHAIRMAN. The Chair thinks that should take the same course as the other matters submitted to the committee, and they will be considered in executive session.

Mr. MARTIN. I wish also to submit some correspondence between the Insular Affairs Bureau and the Governor General of the Philippine Islands, at Manila, to be found on pages 88 and 89 of House Document No. 1071, in which the Insular Affairs Bureau sent to the Governor General of the Philippines a copy of the associated press telegram in reference to the sale of the San Jose estate.

The CHAIRMAN. That will be considered with other matters in executive session.

Mr. MARTIN. I wish also to introduce that part of the telegram from Gen. Edwards to Gov. Forbes, dated December 7, 1909, which appears on page 89 of the House Document No. 1071, relative to the International Banking Corporation.

The CHAIRMAN. The same course will be pursued with reference to that. It will be submitted to the committee in executive session.

Mr. MARTIN. I wish also to introduce a letter of introduction from Mr. J. Montgomery Strong, of Messrs. Prentiss and Poole, to Gov. Van Schaick, of Mindoro.

The CHAIRMAN. That is already in the record.

Mr. WORCESTER. I think that is not in the record. The letter of introduction to J. R. Wilson is in the record, but I do not think the letter to Gov. Van Schaick is in the record.

The CHAIRMAN. We will consider that in executive session. It appears at page 90 of House Document No. 1071.

Mr. MARTIN. I desire to offer a short statement here about the cost of sugar production in the Philippine Islands, which has been suggested to me by the examination of Mr. Poole.

The CHAIRMAN. Whose statement is that?

Mr. MARTIN. It is my statement; it refers to the examination of Mr. Poole and what he had to say about the cost of the production of sugar in the Philippines.

Mr. GRAHAM. I move that that be deferred to an executive session, and take the same course as the other.

Mr. MARTIN. I think there is one other thing that I will offer here. In the report of Gov. Gen. Forbes to the Secretary of War, which has been furnished the committee, I shall ask to have incorporated the first paragraph on page 11, with reference to the sale of the San Jose estate, and stating that it was a sale to an individual.

The CHAIRMAN. Identify it so we can find it, or hand it to us on a piece of paper.

Mr. MARTIN. I will copy that part.

Mr. RUCKER. Was not that offered?

Mr. MARTIN. No, sir; it is not in. My recollection is that there is a similar statement in Mr. Worcester's letter.

The CHAIRMAN. How many pages are in that document?

Mr. MARTIN. Two hundred and eight pages. I believe I will have incorporated the following paragraph.

The CHAIRMAN. Do not incorporate it in the record until it is considered.

Mr. MARTIN. It is just in reference to the sale being made to an individual. Some of the documents that I have attempted to introduce are offered partially with reference to that proposition, because they contain statements that this was a sale to an individual. It was never developed by inquiries made by the House of the Bureau of Insular Affairs, or by the replies, that anybody other than Poole was in any way concerned in the purchase of the San Jose estate; that Poole was only the agent of others was first developed in answer to questions by Mr. Garrett before this committee on the 11th of last April; that the real purchasers were Havemeyer, Welsh, and Senff. So that I had conducted this inquiry for a couple of months at that time without having succeeded in eliciting that fact, and only afterwards ascertained it by learning it in a hearsay way, when it came out before this committee that Poole was merely an agent for these men.

The CHAIRMAN. That is all in the record now, with reference to that transaction.

Mr. MARTIN. The history of the transaction is in the record, but the manner in which the history of this transaction was developed is not in the record, and I have sought in a measure to supply that lack by some of the documents that I have offered, and if any of them are excluded, I shall consider it the exclusion of a material part my presentation. I have not made any speech about them or sought to make any argument before the committee this afternoon. Perhaps I have not even sufficiently indicated the contents of these documents and records, and I have used what time I had in introducing them. As to what I expect to prove by them, I have not stated fully. But I would like to have them incorporated, and then others can draw their conclusions from them. If they are not material, they can be disregarded. The matter I refer to is on page 53, Mr. Worcester's statement, and is a statement that the land was sold to an individual. In other words, I want to have in the record of these hearings all of the statements made by officials going to show that the San Jose estate was sold to an individual.

Mr. WORCESTER. Are you attempting to distinguish between a sale to an individual or individuals on the one side, and a corporation on the other side?

Mr. MARTIN. I will make this answer to you at this time: When the official making the sale takes pains to say that the purchaser purchased for himself alone and not as an agent for any other person, he must have had a distinction in his own mind, but, of course, it is my position that the sale to individuals or to an association of persons unincorporated is a violation of section 15 of the act of Congress. I think I can establish that by other sections of the organic act, also.

Mr. WORCESTER. I only wished to ascertain what the point was.

The CHAIRMAN. Let Mr. Martin proceed.

Mr. MARTIN. I have nothing else to offer. That covers all the documents I wish to offer. I suppose that these gentlemen still have some further documents to offer.

There have been some things promised that have not been produced yet. But before closing I want to say this: Col. McIntyre is

here. I have been advised that the Bureau of Insular Affairs has given an interpretation of the 500-ton limitation in the Philippine sugar proviso, and has construed the word "producer" to mean the grower and not the millman.

The CHAIRMAN. I do not think we want to go into that.

Mr. MARTIN. I think that is a very material thing.

The CHAIRMAN. It has no relation to the sale of lands in the Philippine Islands.

Mr. MARTIN. I called for that because we went into that matter when we had the gentlemen here who purchased the San Jose estate. If such an interpretation has been rendered it is most material to this particular transaction of the sale of the San Jose estate, and it is material to the sugar producers of the Philippine Islands.

The CHAIRMAN. Are you referring to some clause in the tariff law?

Mr. MARTIN. I am advised that the Bureau of Insular Affairs has construed that proviso and has interpreted the word "producer" to mean the grower and not the millman. The effect of that interpretation would be to give the man with the big centrale a monopoly, whereas Congress intended by the 500-ton limitation to safeguard the small mill in the Philippines, and that the small mill should have priority in making up the 300,000 tons; that is, that the man who produces 500 tons or less in his mill should have priority in making up the 300,000 tons. Now, then, if that proviso has been construed to define the grower as a producer of sugar instead of the millman with the small centrale——

The CHAIRMAN. Would not the Secretary of the Treasury be the man in the first instance to have authority to interpret provisions of the tariff law?

Mr. MARTIN. He undoubtedly has authority to do that. I do not know this to be a fact, but I have understood that this limitation has already been construed, and if it has been construed and construed as I have been informed it has been, it is material to this inquiry to this extent, that it absolutely assures such concerns as the Mindora Development Co. a monopoly of sugar production in the Philippine Islands. It is that material, and I think that is exceedingly material.

Mr. FORNES. But is not the language very plain, that sugar is sugar. One thousand tons of refined sugar means 1,000 tons of refined sugar. Do you not so understand it?

Mr. MARTIN. It is plain enough to me that if an interpretation has been rendered that defines the term "producer" to be the grower and not the millman, then one centrale could supply this entire quantity. No matter how many small mills there are now on the islands, it would work out just as it is in Porto Rico—that there would be no small centrales.

Mr. FORNES. The small mill could furnish the sugar——

The CHAIRMAN. I do not think that this committee is going to begin to pass upon the tariff law. When questions arise under the tariff law, they are considered in the first instance by the Secretary of the Treasury.

Mr. MARTIN. I consider that provision as a joker, and if I can show it to be such, I will do so, that is all.

The CHAIRMAN. Capt. Sleeper says that he has several things that have been called for, and has asked permission to introduce them at this stage.

Outstanding friar-land loans, Nov. 1, 1910.

Names.	Estate.	Mortgage.	Amount of loan.	Cultiva- tion of sugar.	Purchase of ani- mals (carabaos and vacas).	Purchase of ma- chinery (sugar mills).	Repairs of ma- chinery (sugar mills).	Status of loans.	Period of loan.
Procopio Pabalan.....	Calamba.....	July 23, 1910.....	P1,000.....	Hectares. 37.....	.....	.....	.....	Original.....	Months. 20.....
Placido Campos.....	Imus.....	Mar. 26, 1910.....	600.....	16.....	.....	.....	.....	Renewal.....	20.....
Francisco Barzaga.....	do.....	do.....	200.....	12.....	.....	.....	.....	do.....	14.....
Doroteo Mangabat.....	do.....	do.....	300.....	6.....	.....	.....	.....	do.....	14.....
Lino Alcantara.....	do.....	May 31, 1910.....	450.....	15.....	.....	.....	.....	do.....	20.....
Simon Alcantara.....	do.....	do.....	350.....	20.....	.....	.....	.....	do.....	20.....
Braulio Alejo.....	Nalc.....	Dec. 4, 1909.....	500.....	52.....	8.....	.....	.....	Original.....	20.....
Miguel Garcia.....	do.....	June 3, 1910.....	500.....	17.....	7.....	.....	.....	do.....	20.....
Braulio Alejo.....	do.....	June 6, 1910.....	1,000.....	16.....	4.....	1.....	.....	do.....	20.....
Lucas Rebollo.....	do.....	do.....	500.....	.....	5.....	.....	.....	do.....	20.....
Gregorio Jocson.....	do.....	do.....	600.....	40.....	10.....	.....	.....	do.....	20.....
Jose Astangan.....	do.....	June 9, 1910.....	800.....	15.....	8.....	.....	.....	do.....	20.....
Sixto Velasco.....	do.....	July 23, 1910.....	1,000.....	40.....	10.....	.....	.....	do.....	20.....
Policarpo Villafranco.....	do.....	July 26, 1910.....	1,000.....	52.....	12.....	.....	.....	do.....	20.....
Martin Nazareno.....	do.....	Sept. 6, 1910.....	450.....	2.....	3.....	.....	.....	do.....	20.....
O. K. Oleon and J. G. Williamson.....	do.....	Sept. 15, 1910.....	1,000.....	50.....	.....	.....	.....	do.....	20.....
Domingo Colocado.....	S. F. de Malabon.....	July 21, 1910.....	800.....	8.....	.....	1.....	.....	do.....	20.....
Zacarias Leano.....	do.....	July 13, 1910.....	500.....	30.....	.....	.....	.....	do.....	20.....
Estanislao Arnaldo.....	do.....	July 22, 1910.....	600.....	7.....	3.....	.....	.....	do.....	20.....
Catalino Arnaldo.....	do.....	do.....	3,000.....	17.....	13.....	.....	1.....	do.....	20.....
Mariano Trias.....	do.....	July 26, 1910.....	2,000.....	60.....	12.....	.....	1.....	do.....	20.....
Benigno Rojas.....	do.....	do.....	300.....	4.....	2.....	.....	.....	do.....	20.....
Luis Ferrer.....	do.....	do.....	1,500.....	30.....	11.....	.....	.....	do.....	20.....
Rosalio Salinas.....	do.....	do.....	200.....	4.....	2.....	.....	.....	do.....	20.....
Narciso Batiller.....	Santa Rosa.....	July 27, 1910.....	1,000.....	26.....	.....	.....	.....	do.....	20.....
Pedro & Pablo Perlas.....	do.....	July 16, 1909.....	16,500.....	129.....	.....	1.....	.....	Renewal.....	20.....
Angel Zaballa.....	do.....	Aug. 20, 1909.....	6,500.....	50.....	.....	.....	.....	do.....	20.....
Gregorio Carteciano.....	do.....	Dec. 29, 1909.....	400.....	20.....	.....	.....	.....	do.....	20.....
Pablo Manguerra.....	do.....	Jan. 17, 1910.....	1,600.....	55.....	.....	.....	.....	Original.....	20.....
Florencio Ballon.....	do.....	Feb. 23, 1910.....	2,500.....	35.....	.....	.....	.....	Renewal.....	20.....
Aug. 1, 1910.....	do.....	Aug. 1, 1910.....	.....	.....	.....	.....	.....	.....	.....
Total (30 mortgages).....	.....	.....	48,250.....	855.....	110.....	3.....	2.....	.....	.....

RESUMÉ.

Mortgages for cultivation of sugar only (13).....	17,000	371	76				
Mortgages for cultivation of sugar and purchasing animals (11).....	7,450	263	5				
Mortgage for purchasing animals only (1).....	500						
Mortgage for cultivation, purchasing animals, and machinery (1).....	1,000	16	4	1			
Mortgages for cultivation and purchasing machinery (2).....	17,300	128		2			
Mortgages for cultivation, purchasing animals, and repairing machinery (2).....	5,000	77	25		2		
Total (30).....	48,250	855	110	3		2	

Capt. SLEEPER. Mr Chairman, Mr. Martin, on page 420 of the testimony, requested that Mr. Sleeper inform the committee how much of the friar-lands loan fund was expended on the Tala estate and for what purpose. The facts are that on August 20, 1908, Mr. Frank W. Carpenter, lessee for part of the Tala estate, made application for a loan of ₱2,500 (copy of which application is submitted herewith) for the purpose of purchasing 20 carabaos, offering as security property to the value of ₱6,180, and after obtaining the approval of the Secretary of the Interior to the making of loans on the Tala estate, advances were made on this loan as follows:

Aug. 24, 1908.....	₱900
Aug. 27, 1908.....	600
Aug. 29, 1908.....	1,000
	<hr/>
	2,500

This loan was paid for by Mr. Carpenter on October 31, 1910, in full, with interest, inasmuch as he claimed at that time he could obtain lower interest rates than the Government could give him.

The question in relation to advances to tenants on the Tala estate was asked of Mr. Worcester on page 692 of the evidence. In order that the committee may have further information in regard to the friar lands loan fund, it may be stated that on November 1, 1910, there were outstanding loans from this fund to the extent of ₱48,250, made for the purpose of cultivating 855 hectares of sugar land, for the purchase of 110 draft animals, and 3 sugar mills and the repairs of 2 other sugar mills. There is submitted herewith detailed statement regarding these loans.

Somebody asked for a plan of the Baguio town site, and I now submit it.

Mr. GARRETT. That is a map?

Capt. SLEEPER. Yes, sir.

Mr. GARRETT. That is merely submitted, as I understand it, as an exhibit and is not to be printed?

Mr. GRAHAM. It is not to go into the record.

The CHAIRMAN. Without objection it will be considered as submitted for the inspection of the committee, and not to go into the record of the hearings.

Capt. SLEEPER. In response to the request of Mr. Martin to give names of any employees or officers of the Government of the Philippine Islands who have been denied the privilege of engaging in private business, I desire to submit the following information in regard to cases which have come under my notice:

Mr. S. O. Scudder, chief surveyor, bureau of lands, made an application in the regular form, through the director of lands to the Secretary of the Interior, for permission to engage in the business of locating, developing, and working oil claims. Such permission was denied by the Secretary of the Interior on the ground that Mr. Scudder, as chief surveyor of the bureau of lands, might obtain inside information in regard to oil claims, as the survey of such claims must be approved by the director of lands before being admitted in application for patent, and therefore must pass through Mr. Scudder's hands.

Mr. Emil C. Wagner, chief computer of the bureau of lands, requested permission to engage in business of insuring public-vehicle

drivers in the city of Manila against payment of fines, guaranteeing them against loss to them personally for fines assessed by the police court of the city of Manila for infraction of ordinances, and the permission was refused.

Mr. L. G. Knight, attorney for the bureau of lands, also requested permission to engage in the same business as Mr. Wagner, which permission was refused.

It is known that not only these cases, but many others, have been denied by the different heads of departments and the Governor General.

In reply to question of Mr. Parsons relative to the number of occupied lots surveyed on the various friar estates, the following statement is submitted, showing the total number of lots surveyed on each estate and the number occupied. In regard to the Lolomboy and Talisay-Minglanilla estates, this statement is only an estimate, as there are so many subdivisions and reidentifications that it is impossible to state the exact number of occupied lots. Many of these estates will ultimately have more occupied lots than shown, owing to subdivisions which are now being made.

Estates.	Lots surveyed.	Lots occupied.
Banilad.....	1,433	1,097
Binagbag.....	496	445
Bifian.....	3,229	2,828
Calamba.....	3,308	2,235
Dampol.....	375	375
Guiguinto.....	685	683
Imus.....	6,049	5,898
Isabela.....	255	98
Lolomboy.....	4,807	¹ 3,402
Malinta.....	1,513	1,419
Matamo.....	1	1
Muntinlupa.....	1,393	1,244
Naic.....	2,338	1,893
Orion.....	665	635
Piedad.....	874	553
San Francisco de Malabon.....	3,197	2,782
San Jose.....	2	.....
San Marcos.....	1	1
Sta. Cruz de Malabon.....	2,261	1,703
Sta. Maria de Pandi.....	5,190	4,705
Sta. Rosa.....	2,173	2,018
Tala.....	1,111	855
Talisay-Minglanilla.....	7,642	¹ 3,103
Total.....	48,998	37,968

¹ Estimated

I made a statement in my testimony that the Talisay estate would not be placed on sale until the 15th of February. I now have a telegram stating it was placed on sale on the 6th of February.

Mr. GARRETT. That is the 6th of February this year?

Capt. SLEEPER. Yes. All of the estates have now been placed on sale.

[Extract from cablegram received from Manila, Feb. 6, 1911.]

SECRETARY OF WAR,
Washington.

SLEEPER: Talisay estate to be placed for sale February 6; value first-class agricultural land \$354 per hectare. Do not anticipate trouble as holdings are all small. Wilson.

FORBES.

Indorsement.]

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, D. C., February 8, 1911.

Official copy respectfully furnished Mr. Charles H. Sleeper, care of Bureau of Insular Affairs, Washington, D. C.

FRANK MCINTYRE,
Colonel, United States Army, Assistant to Chief of Bureau.

Additional list of purchasers of public lands, to cover the inclusive dates September 1 to 30, 1910.

	Acres.
Pedro E. Aromin.....	40. 00
Eugenio Tanjoco.....	25. 00
Nicodemos Gasmen.....	40. 00
Jose Furigay.....	40. 00
Leon Eala.....	8. 89
Leon Velasquez & Co.....	50. 00
Total.....	203. 89

Total area sold to September 30, 1910, 14,997.80 acres; purchasers, 67.
Above list in addition to list appearing on page 76, part 2, of hearings.

Mr. MARTIN. Have you in any of your documents a copy of this foreshore lease that was given to the Mindoro Development Co. at Mangarin?

Mr. WORCESTER. I have some information by cable as to the foreshore lease which I will submit; I have not a copy of it.

[Translation of cablegram sent.]

JANUARY 13, 1911.

To FORBES, Manila:

Request advice by cable regarding foreshore lease Mangarin Bay, date of application, date issued, name of lessee, area included, time of lease, rent, appraised value improvements, and status of proposed new lease. Sleeper.

EDWARDS.

[Translation of cablegram received.]

JANUARY 16, 1911.

SECRETARY OF WAR, Washington:

Referring to telegram from your office of 13th instant, lease application filed November 20, 1909; lease executed October 1, 1910, in favor of Edward L. Poole, 99 years; rental, \$150 per annum for the first 10 years; area, 4½ hectares; appraised value of improvements, \$15,000; proposed new lease pending execution.

FORBES.

[Indorsement.]

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, January 17, 1911.

Official copy respectfully furnished Capt. Charles H. Sleeper.

FRANK MCINTYRE,
Colonel, United States Army, Assistant to Chief of Bureau.

(The following data were later furnished by Mr. Worcester and are here printed in the hearings:)

OCTOBER 17, 1910.

The SECRETARY OF THE INTERIOR, Manila.

SIR: I have the honor to forward herewith for your approval, lease in duplicate, executed in favor of Edward L. Poole for a portion of foreshore situated at Mangarin, in the township of San Jose, Province of Mindoro.

Very respectfully,

C. H. SLEEPER,
Director of Lands.

[First indorsement.]

DEPARTMENT OF THE INTERIOR,

Manila, October 18, 1910.

Respectfully returned to the director of the bureau of lands, approved.

DEAN C. WORCESTER,

Secretary of the Interior.

GOVERNMENT OF THE PHILIPPINE ISLANDS,

EXECUTIVE BUREAU,

Manila, November 28, 1910.

An application having been received to lease a portion of the foreshore and lands under water at the township of San Jose, Province of Mindoro, notice is hereby given that the Government will lease the following-described portion of foreshore and lands under water for wharves, docks, piers, marine railways, or other appropriate structures:

Beginning at a point S. $33^{\circ} 49'$ W. 2,720.62 m. from B. L. L. M. No. 2, Mangarin, thence N. $4^{\circ} 29'$ W. 50.77 m. to point 2; N. $45^{\circ} 07'$ W. 247.49 m. to point 3; N. $74^{\circ} 52'$ W. 244.52 m. to point 4; N. $25^{\circ} 57'$ E. 221.81 m. to point 5; S. $64^{\circ} 03'$ E. 800 m. to point 6; S. $25^{\circ} 57'$ W. 600 m. to point 7; N. $64^{\circ} 03'$ W. 800 m. to point 8; N. $25^{\circ} 57'$ E. 194.13 m. to point 9; S. $58^{\circ} 11'$ E. 129.62 m. to point 10; S. $66^{\circ} 46'$ E. 205.16 m. to point 11; S. $84^{\circ} 45'$ E. 165.96 m. to point 12; N. $38^{\circ} 03'$ E. 51.89 m. to point 1, containing 384,827 square meters.

Points 1 to 4, inclusive, and 9 to 12, inclusive, are on shores of Mangarin Bay and Mindoro Strait.

Bounded on northeast, southeast, and southwest by Mangarin Bay and Mindoro Strait; on northwest by Mindoro Strait, land of the San Mateo Agricultural Co., and Mangarin Bay.

Said lease to run for a period of 99 years, subject, however, to all vested rights or easements of owners of land adjacent to such foreshore or land under water, and subject also to the provisions of section 6 of act 1654, and the conditions enumerated in said section 6 will be made a part of said lease.

Any person claiming any vested right, interest, or easement in or pertaining to the land herein described must file with the director of lands on or before December 31, 1910, a notice fully describing the right, interest, or easement claimed.

By authority of the Governor General.

THOMAS CARY WELCH,
Acting Executive Secretary.

DECEMBER 6, 1910.

SIR: I have the honor to return herewith, as requested in your letter of November 29, 1910, original signed copy of notice of application for the lease of foreshore and lands under water at the township of San Jose, Province of Mindoro.

Very respectfully,

GEO. C. SCHWEICKERT,
Acting Secretary Philippine Commission,
Acting Chief Division of Legislative Records.

The DIRECTOR OF LANDS, *Manila.*

I was asked to secure and submit information relative to land sales in the Philippines under Spanish rule. I submit the translation of a carefully prepared statement by Señor Rafael Del-Pan on this subject; also a translation of the Spanish royal decree of February 13, 1894:

GRANTS OF LANDS IN THE PHILIPPINES.

At the time when the colonial expansion of Spain was in progress, as well as the discovery and conquest of Central and South America and the Philippine Islands, the absolutist doctrine imported from Germany by King Charles I during the first half of the sixteenth century, and imposed by the latter by force of arms in his victory over the commoners of Castille, reigned in said nation.

Under this absolutist doctrine, the King was considered the exclusive lord and owner of the vast territories discovered, as also of lands in the Spanish peninsula

not belonging to private ownership, which were very extensive on account of the large areas which the Visigoths reserved when they conquered the Peninsula and which passed from the Visigoths to the Arabs when the latter made their invasion, being subsequently reconquered by the Kings of Castille and Aragon, and from that time onward were considered, although in an indefinite manner, as belonging to the public domain until the Crown claimed them.

The doctrine of the absolute power of the kings, as the owners and lords of everything not the private property of their subjects, vested in them the power to freely dispose of such public lands, which have since then been called *royal* (*realengos*), that is to say, belonging to the King or Crown, and under the influence of this absolute doctrine, although somewhat counteracted by the civilizing and humanitarian purposes of which Spanish monarchs always boasted when they legislated for the colonies, the Laws of the Indies were promulgated.

Under these laws the monarchs freely disposed of the royal lands without any restriction whatsoever, and ordered that for the purpose of encouraging the discovery and population of their new dominions, such lands should be distributed among those who should go to occupy them in proportion to the character of the services they might have rendered therein, and under the condition that such distribution be made without prejudice to the natives who were to be left in peaceful possession of the lands they had previously cultivated and those necessary for the pasture of their cattle and for securing timber and supplies for building their houses and meets the requirements of communal life, that is to say, the needs of the towns or communities which might be established.

The laws of the Indies imposed no other limitations in these grants, apart from that mentioned of respecting the possession of the natives, than the following: That the allotment thereof be made in an equitable manner, without any privilege whatsoever; that the grantees be required to cultivate or make use of the land granted, under penalty of forfeiture of the grant, and that they should acquire the full ownership thereof only after having worked it for four years; and that in the case of lands being granted for the pasture of cattle, such lands should be situated at a proper distance from private planted land in order to prevent the cattle from damaging the plantings.

On no occasion was any legislation enacted at that time in the sense of limiting grants to a specific area; the sole purpose of the Spanish monarchs who saw themselves the owners of so immense a territory was to encourage the cultivation and population thereof, holding also that the larger the area they granted their subjects and the larger the area planted, the better would they second the interests of the Crown.

This system of grants gave rise to most of the estates in the Philippines, including those which were and are still known by the name of friar lands, excepting the estates of Isabela and Mindoro, which are very modern concessions made by the Spanish Government exceptionally; the estate of Binalad, a part of which is a private grant made by Legaspi to the Augustinians; that of Orion, which was a pious donation by some Filipinos to the Dominicans; and certain portions of the estates of Imus, Talisay, Lolomboy, etc., which also involve pious donations or legacies. The remaining estates may be said to consist almost entirely of grants made by the first governors general of the Philippines to military men and other servitors of the conquering nation in compensation for their services, which properties were subsequently sold by the grantees to third persons, who, by accumulating a number of grants and purchasing additional tracts, finally constituted these enormous estates; there was one having such an area that it included the entire tract now constituting the three estates of Naic, Santa Cruz, and San Francisco de Malabon, having a total of more than 28,000 hectares.

In addition to the purpose of remunerating services of former military men and populators, who had often rendered them gratuitously, there was another motive which inspired the first governors of the Philippines to be prodigal in making these grants (at that time called *mercedes*), and that was the great scarcity at that time of provisions and supplies, especially beef, and hence the desire to encourage by any means the establishment of large cattle farms; therefore, we will observe that most of the grants were for a cattle farm (about 1,750 hectares) of lands supposed to be good for pasture, with a relative small area for cultivation, to provide for the support of the cattle owner and herders, which area consisted usually of 4 *caballerias* (about 170 hectares) of land.

An interesting detail in this connection is to know that most of the holders of these estates were not successful in their operation, many of them being ruined; prosperity on these estates did not arrive, as a general rule, until they became the property of the religious corporations which, having more means at their command with which to construct works of irrigation and make other improvements and more facilities for attracting colonists, were enabled to administer them in a very economical and orderly

manner, availing themselves of the services of their laymen and counting in addition with their influence over the cultivators as priests and public officials to compel them to cultivate the estates and retain them thereon.

Some of the original grantees of lands in the Philippines and America exceeded the area of their grant, taking possession of more land than that granted, and for the purpose of remedying these excesses laws were promulgated, which also appear in the Laws of the Indies, providing for the restitution to the Crown of the lands thus usurped, unless the usurpers consented to an adjustment (*composicion*) and paid the Crown the value of the excess area, excepting in cases in which such excess had been taken from the natives, in which event such lands were to be restored to them.

For the purpose of carrying out these restitutions special judgeships were created, called commissioners of the crown for pardons and adjustments of lands, the duties of which were discharged in the Philippines by Justices Sierra Osorio, Ozaeta y Oro, Calderon Enriquez y Cubells, who applied these laws, the third one with especial strictness, compelling the adjustment of excessive areas, returning to the natives and to the towns the lands usurped and surveying the estates in order to reduce them to their proper area. The so-called friar lands passed through this purifying process and were obliged to pay, by way of readjustment, more than 4,000 pesos and restore lands to private individuals and towns which were entitled thereto or which had sold them without having first established the necessity of the sale or having had the lands appraised, formalities which were at that time required by the laws.

In the seventeenth century, and more particularly in the eighteenth, the grants of lands began to be reduced until they ceased almost entirely owing to the ideas which then prevailed in Spain which sometimes found a reflection, although somewhat vague, in the legislation of Spain, although the laws of the Indies continued in force in the colonies—namely, that it was advisable for a nation to have large tracts not belonging to private ownership in order to favor cattle raising, which was considered by the economists of the times to be the principal factor of the wealth of peoples. In addition, this end was contributed to by the fact that the cattle raisers of Spain formed a powerful association, called the *Consejo de la Mesta*, which was very influential.

The propaganda which was instituted to combat these ideas by some of the more advanced economists, the well-known Gaspar Melchor de Jovellanos among them, and, subsequently, at the beginning of the nineteenth century, the advancement of the constitutional régime in Spain engendered ideas opposed to those mentioned and agriculture was held to be the greatest source of wealth of nations, and, therefore, that the most advisable thing to do was to award to private ownership for clearing and cultivation the remaining crown lands.

Simultaneously with this evolution of economic ideas, the natural consequence of the disappearance of the absolute monarchy occurred in the Spanish political régime; the lands which theretofore had been considered royal lands, belonging to the King, became the property of the nation, that is to say, of public ownership, and the first Spanish constitution, that of 1808, promulgated by the Cortes of Cadiz, so declared, and reserved to the King, as his only property, the lands which he had acquired privately, that is to say, those of his patrimony, which lands have since that time been governed by special laws distinct from the laws relating to the lands of public ownership. The civil code in force, promulgated in Spain in 1888 and in the Philippines in 1889, clearly defined the distinction between lands of public ownership and those of private ownership, the latter including those belonging to the Crown, as well as to the State, the provinces, the municipalities, or private individuals. These provisions of the civil code are certainly in harmony with the provisions of the Philippine bill, in so far as they relate to the distinction between lands of public ownership and the property of the State.

The lands formerly called royal lands (belonging to the King) began to be called uncultivated lands, and since that time legislation has prevailed facilitating the assignment thereof to private individuals who might desire to cultivate them or who had undertaken their cultivation some years previously, by actual sale to the former or by adjustment to the latter, and these more or less explicit principles continued in force throughout the remainder of the nineteenth century.

The limitations have been very few and variable, and, furthermore, have on many occasions not been taken into consideration. It was provided in 1855 that if the grants were made to foreigners it was necessary that they should be residents of the country and should be required not to sell the lands the subject of the grant unless to another resident or subject; in 1867 a royal order provided that grants should not exceed 200 hectares in Spain; in 1877 it was provided that this limitation in Cuba should be understood to relate to the area of land necessary for the support of the grantee and his family; in 1880 grants to foreign companies were forbidden; in the same year, by royal order, grants in the Philippines were limited to 1,000 hectares, only 500 of which

to be wooded; and other limitations of this character might be cited, but all of them were undecided in character and subject to change.

Full legislation was enacted for the Philippines, and especially in 1880, 1884, 1889, and 1894, the royal decree of the last year mentioned (dated February 13) being that which was in force in the islands at the time of the American occupation, together with the mortgage law, which established in the archipelago the system of proceedings to establish possession as a means of acquiring title to lands held in possession without any conveyance thereof having been made—that is to say, a legal evolution of the adjustment (*composicion*), to which reference has been made.

The general principles underlying these laws may be reduced to two: (a) The State can and should sell to private individuals or associations who may desire to break and cultivate them, those lands of public ownership, whether called uncultivated (*baldios*, or royal, which are vacant and not being operated nor of private ownership, provided such lands be not considered necessary as forest reservations nor for the needs of towns; (b) When an individual has been holding in possession for a long time a tract of land of public ownership he may acquire the ownership thereof by adjustment with the State—that is to say, by agreeing with the latter upon a modest remuneration on account of having taken possession of such land, or obtaining it as a form of condonation of his fault by the so-called gratuitous adjustment (*composicion gratuita*)—if he shall have held the land in possession for a long time, or if, in addition to having possessed the land for a shorter period, he had been cultivating it for some years. In either of these cases, after the sale or adjustment, the State issued a title to the grantee which could be recorded at once as a perfect title.

The mortgage law enacted in 1889 took this second principle still further. According to it a person holding possession of a tract of land without any adverse opposition had the right to make this fact a matter of record by means of a brief and gratuitous judicial proceeding, called proceedings to establish possession (*informacion posesoria*), and after possession had been established he could record his title of possession in the registry of property, which title, after having been recorded for 20 years without having been annulled, which could be done only upon a third person establishing that he was entitled to the possession and not the person who had it recorded, became converted into a title of ownership—that is to say, of full and irrevocable ownership.

The various secondary laws and provisions of law (royal orders) which were issued on the matter, the details of which we can not here give because we have not found in Washington works which contain them in full, introduced various changes as to details in the form of carrying out these ideas and purposes, but essentially they coincided and tended to the same ends.

Among these slight changes those most worthy of mention are: (a) The royal decree of 1819, which granted a term of one year only to persons holding more lands than they could cultivate, for their sale or lease to persons who could cultivate them, under penalty of forfeiture, as to which provision we do not know whether it was carried out strictly in any case; (b) the regulations of 1880, which held that those persons were entitled to gratuitous adjustment who had acquired public lands in good faith and had held possession thereof for 10 years or more, those who had acquired possession in good or bad faith, but who had been cultivating them for more than 20 years, and those who had in any way held possession for 30 years, whether in good or bad faith, and whether they had cultivated them or not; (c) the law recently issued under Spanish sovereignty in 1894, by which adjustment titles were abolished in order that proceedings to establish possession might better substitute them or perform their purpose, as it provided that from the date of its promulgation no more adjustment titles should issue except those previously applied for, and that thereafter the State should grant public lands in sale only upon payment of the appraised value thereof in cash, which price fluctuated in the various localities from 1 to 10 pesos per hectare, as fixed by the provincial boards with the intervention of the administrative authorities.

The last law mentioned contains some provisions which it may not be superfluous to mention here, namely, a private individual desirous of acquiring lands of public ownership was required to present a petition to that effect, together with a full description of such lands, showing their area, boundaries, situation, and size, certified to by the municipal council of the respective town; after advertisement, for two months if the lands were in Luzon or Visayas, or six months if situated in some other island, of the sale requested without any objection being made, such sale would be effected for the price previously fixed; if two or more persons or entities applied for the same lands, they would be required to bid therefor and they would be awarded to the highest bidder; if any objection was made to the sale by a person claiming a right to the lands, an investigation would be made to ascertain whether the person objecting was in possession of the lands, and in an affirmative case the sale would be suspended for a period of three months to permit the objecting party to file his claim in the courts

of justice, it being understood that should he permit the said period to elapse without instituting proceedings, he forfeited his rights to objection and the sale would be consummated, but if he did institute proceedings within the period referred to, the administration would await final judgment and then make or refuse to make the sale; when the objecting party was not in possession of the lands the sale of which was sought, a mere title of possession was issued to the petitioner, the objecting party having the right to apply for its annulment in the courts of justice within a period of 20 years. This law extended the right to obtain a title of possession gratuitously by the possessory proceedings referred to in the mortgage law to persons who had possessed and cultivated lands without interruption for 6 years or more, to those who had possessed them for more than 12 years and cultivated them the last 3 years, and to those who had possessed them for 30 years, even without any cultivation whatsoever.

In the proceedings to establish possession referred to in the mortgage law, the owners of the adjoining lands and the fiscal of the province had to be summoned; the latter had to be heard and witnesses were required to establish the fact of the possession; in the event of objection being made to the issue of the title of possession applied for, the proceedings would be dismissed.

WASHINGTON, D. C., *February 9, 1911.*

I hereby certify that the foregoing is a true and faithful translation, to the best of my knowledge and belief, of the attached paper entitled "Concesion de tierras en Filipinas."

FRANK L. JOAUNINI,
Official Translator, Insular Bureau.

[Gazette of Manila of April 17, 1894.]

ROYAL DECREE OF FEBRUARY 13, 1894.

ARTICLE 1. Vacant lands, soils, ground, and forests not comprised in the following exceptions shall be considered royal alienable lands in the Philippine Islands:

First. Those which have passed to private ownership and have a legitimate owner;

Second. Those forming part of the forest reserves (*zonas forestales*) which it suits the State to preserve for reasons of public utility;

Third. Those included in the so-called communal leagues of the towns or in the zones which may be granted them for communal use of the residents; and

Fourth. Those which may be susceptible of private appropriation, either by adjustment or by possessory proceedings upon the lands and in the modes prescribed in this decree.

ART. 2. In accordance with the provisions of the preceding article, the lands referred to in the second and third exceptions shall be considered as reserved to the State and to the towns respectively. Private ownership can not be acquired to them by any of the means recognized by law until they shall be explicitly declared to be alienable by a competent authority.

(Article 3 refers to manner of setting aside forest reserves.)

ART. 4. The full ownership of all royal lands which may have been susceptible of adjustment in accordance with the provisions of the royal decree of June 25, 1880, but the adjustment of which has not been sought at the time of the promulgation of this decree in the Gazette of Manila, shall be understood to have reverted to the State. No claim whatsoever relating to such lands made by persons who could have sought adjustment and have not done so prior to the date mentioned shall be considered in any manner or at any time.

(Article 5 refers to the procedure to be followed after adjustment has been petitioned for, as does article 6.)

ART. 7. No petition for the adjustment of lands shall be admitted after the date of the promulgation of this decree.

The office of the director general of the civil administration shall at once direct the formation of an index of the adjustments requested up to that date. (Remainder of article refers to form of indexes.)

(Article 8 refers to adjustments under an onerous title.)

ART. 9. Alienable royal lands may pass to private ownership by virtue of a sale made by the State to private individuals, or by virtue of grant (*cesion*) by the State to colonizing companies, under the special conditions to be established in each case, or to agricultural companies as assistance (*en concepto de auxilio*), in the form and manner provided by the royal decree of September 4, 1884.

(Articles 10 to 17 refer to payment of price of sale, etc.)

ART. 18. Awards of royal lands to persons not having the condition of Spanish subjects may be made only under the following conditions:

First. That the grantees reside in the Philippines and are enrolled in the proper registry.

Second. That if they change their residence or domicile to another country they are obliged to sell to a resident of the Philippines such lands as they may have acquired.

Third. That in case of succession the heirs who may not have the residence and other legal conditions shall be obliged to make the sale as the original owners. Foreign associations, companies, or enterprises, whether domiciled in the islands or not, are absolutely forbidden to acquire lands in the territory of the Philippine Islands.

CHAPTER IV.—*Proceedings relating to possession.*

ART. 19. The possessors of alienable royal lands subject to cultivation who shall not have obtained nor requested adjustment prior to the date of the publication of this royal decree in the Official Gazette of Manila may obtain a gratuitous title of ownership by the institution of possessory proceedings conforming to the civil and mortgage laws of procedure, provided they establish any of the following circumstances:

First. That they have them or have had them under cultivation without interruption during the preceding 6 years.

Second. That they have possessed them uninterruptedly for 12 years and have them under cultivation at the time of the institution of the proceedings and have had them under cultivation during the 3 years preceding such date.

Third. That they have possessed them ostensibly and without interruption for 30 years or more, even though the land should not be under cultivation.

ART. 20. The present possessors of lands comprised within the communal league who may be cultivating them or possessing them ostensibly at the time of the publication of this decree in the Gazette of Madrid may obtain a gratuitous title of ownership under conditions similar to those provided for royal lands in the preceding article.

With the exception of these cases, the provisions of article 2 shall be observed.

ART. 21. The term of 1 year, which shall not be subject to extension, is granted for the institution of the proceedings referred to in articles 19 and 20.

Upon the expiration of this period the right of the cultivators and possessors to obtain a gratuitous title shall lapse. The full ownership of the land shall revert to the State or, in a proper case, to the community of residents, and such possessors and cultivators or their successors in right under a universal title shall only have a right to purchase the property at the price bid therefor (*derecho de tanteo*) if the land should be sold within 5 years after the lapse of their right.

Possessors not comprised in the provisions of this chapter may acquire the ownership of alienable royal lands only by the lapse of time, in accordance with the provisions of the common law. (The Civil Code—J.)

ART. 22. Minute statistics relating to the alienation of royal lands shall be kept in the office of the director general of the administration.

(Articles 23 to 27 refer to the survey and determination of what is known as the communal league and the assignment to each town of lands for communal use.)

All prior laws and regulations conflicting herewith are repealed.

I was asked as to the salary of Mr. Frank W. Carpenter. I will state that it is \$9,000 per year.

I have heretofore stated (hearings, p. 695) that to my recollection the assessed value of lands at Baguio was fixed by an assessment committee, subject to my approval. On looking up the record I find that this statement is in error. I approved the appointment of the committee, not its findings, in proof of which statement I submit the findings of the committee. The committee was made up as follows: Señor Jose R. de Luzuriaga, Filipino, member of the Philippine Commission; Gov. William F. Pack, of Benguet, American; and Mr. C. Sackermann, of Manila, German, a business man.

BAGUIO, BENGUET, *May 26, 1906.*

To the DIRECTOR OF LANDS,
Manila, P. I.

SIR: Your committee to assess the value of lands within the town site of Baguio, begs to submit the following report.

After personal observation and with due consideration of cost to make locations accessible on all the lots designated as residence sections, A, H, C, and D, we have

unanimously agreed upon the assessment of $1\frac{1}{2}$ cents, Philippine currency, per square meter.

As to the lots designated as business sections A and B, we have likewise agreed upon the assessments of 5 cents, Philippine currency, per square meter.

As to the land to be used for semipublic purposes, such as Mount Mirador for Observatory, to be erected by the Jesuit fathers, and lands desired by churches or denominational schools, they being semipublic in character, and large plats are asked for which will not require a proportional amount of road work as the residence sections, it is our opinion that the lots be assessed at a cheaper rate than all others and will make such assessment therefor one-half of 1 cent, Philippine currency, per square meter.

Very respectfully,

JOSE R. DE LUZURIAGA.
WILLIAM F. PAOK.
C. SACKERMANN.

The attention of the committee is invited to the fact that there was no assessment of individual parcels or lots, but that the land was divided into three classes and that a uniform rate was fixed for all land of each class, as follows: Residence lots, $1\frac{1}{2}$ cents Philippine currency per square meter; business lots, 5 cents Philippine currency per square meter; land to be used for semipublic purposes (observatory construction, church purposes, denominational schools), one-half of 1 cent Philippine currency per square meter. Under the law all lots in town sites must be offered for sale three times at public auction before they can be sold at private sale. Previous assessment of their value may or may not be made, in the discretion of the director of lands and the secretary of the interior, but if it is made, as it was in this instance, then lots may not be sold at public auction for less than two-thirds of their assessed value or at private sale for less than their full assessed value.

I note that in my testimony I have made a statement which might be interpreted to mean that the only money expended on public improvements in Baguio was that derived from the sale of lots. This is not the case. Insular government funds have been appropriated for such improvements. The statement has been made that there are but about 6,000 acres in Baguio. This is approximately the correct area, but it can be increased to 600,000 or more acres any time the Philippine Commission deems it advisable to pass the necessary resolution, as Baguio is surrounded on all sides by immense tracts of vacant public land. On page 697 the question was asked as to when and how often was the tract of land sold to the Baguio Country Club advertised for sale, if at all, in Manila or other newspapers. The answer is that all sales of lots in Baguio town site which have been made were advertised daily for one week in daily newspapers published in Manila—one in Spanish and one in the English language. Advertisements were also posted for the same length of time on the bulletin board of the bureau of lands in Manila; on the board of the provincial government building in Baguio, and in several instances on the bulletin boards of the hotels in Baguio and in other public places, and no sale has been made without such advertisement.

I will say further that the object of advertisement, under ordinary circumstances, in connection with the sale of public lands is, of course, to advise possible claimants so that they may take the necessary measures to protect their rights, but in a town site, under the law, there is a limited time fixed within which all claimants must come in to protect their rights, so that after that time has passed we know

what all the private claims are, and the only purpose of advertising after that is to let the public know that the sale is to occur.

Mr. MARTIN. Before you get too far away from it, will you submit to one more question about Baguio?

Mr. WORCESTER. Certainly, sir.

Mr. MARTIN. It was stated, probably by you, but I will not be positive, that the Benguet Commercial Co. had purchased certain lands in Baguio prior, or long prior, to the passage of the public-land act. Do you recollect that?

Mr. WORCESTER. Yes.

Mr. MARTIN. But an additional question suggested itself to my mind, and that was whether it had acquired its holdings at that place prior to the location of this so-called summer capital at Baguio?

Mr. WORCESTER. My recollection is, Mr. Martin—and I have to speak purely from memory upon matters that occurred a long while ago—that the Benguet Commercial Co., or members of that concern, secured their land there long before a town-site reservation was made. It was a purchase of private land, one of the very few titles that existed in the Province of Benguet. It was purchased long before there was any summer capital at Baguio. The final action of the Government making that the summer capital in effect is very recent indeed.

Mr. MARTIN. Well, were these holdings acquired before Baguio was projected? The question which occurred to my mind was: Did these people go away up there in the mountains, 100 miles from anywhere, and buy a tract of land without any knowledge that the summer capital would be located on it afterwards?

Mr. WORCESTER. Mr. Martin, Baguio may perhaps be said to have been projected at the time the second Philippine Commission received its instructions in Washington. I then stated to Mr. Root, who was at the time Secretary of War, that I had ascertained from old Spanish reports that there seemed to be a mountain region, about 150 miles north of Manila, with a temperate climate, and so on, and as the commission was leaving Mr. Root's room, when it took its leave of him, he said to us that he wished us to look into that matter, and if the facts proved to be as stated, to open that country up. Now, at the time the Benguet Commercial Co. purchased its holdings the fact that the country was to be opened up by a highway was perfectly well known; in fact, the road, I presume, may have been under construction. If not under construction, it had been appropriated for. They would not, of course, have gone up into the Igorrot country without means of getting at their holdings, or if they had not thought that at some time there would be a way of getting in.

The CHAIRMAN. Were the lands they purchased public, private, or friar lands?

Mr. WORCESTER. Private lands; not friar lands and not public lands.

Mr. MARTIN. It would look very much as if they had considerable assurance, when they made their purchase—I do not know what the value of their holdings are, but I presume it is published in that table—it looks very much as if they knew, when they made their purchases, that the capital would be located there, if it had not been.

Mr. WORCESTER. You can put such interpretation as you like on their action, sir; I do not know what their motives were, and can only

inform you of what they did and when they did it. May I continue now?

Mr. MARTIN. Yes, sir.

Mr. WORCESTER. I stated it to be my recollection that Mr. Welch, of the executive bureau, did not act for the secretary of the interior in any instance in the matter of the negotiations for the purchase of land by the California agricultural companies. I find that he did act for me in one instance, when he signed the document printed on page 454 of the record of these hearings, and his original telegram to me relative to the sale of these lands and my reply have now been received, and I call attention to that fact. These telegrams bear out my recollection that I was myself in the head-hunters' country at the time this matter came up. I wish to say further that I would like to have them included in the record, as they may be interesting to Mr. Martin, and I will read them, so that Mr. Martin will know what they contain:

BAGUIO, *May 5, 1910.*

WORCESTER, *Banaue, via Bayombong:*

Director of lands requests approval in accordance with section 13, act 926, of applications of San Mateo Agricultural Co., San Carlos Agricultural Co., and San Francisco Agricultural Co. to purchase 832 hectares, 1,034 hectares, and 832 hectares of lands, respectively. Land located in barrio Mangarin, Bulalacao, Mindoro. All three companies represented by E. L. Poole. Immediate approval important on account of railroad building. Shall I approve for you?

WELCH.

The telegram sent by me in reply is as follows:

BONTOC, *May 7-8, 1910.*

WELCH, *Executive Secretary, Baguio:*

Retel lands—

“Retel” means “concerning telegram.”

Retel lands. You may approve for me, if thoroughly satisfied that proposed arrangement is strictly legal.

WORCESTER.

I now have a complete record of correspondence relative to that transaction here indexed, with a statement showing what has and what has not been included in the record and will be glad to submit that to the chairman of the committee, in order that such matter as has not been included may be included, if it is so desired.

The CHAIRMAN. What Welch was that?

Mr. WORCESTER. He is an employee of the executive bureau. He was asked by the vice governor to take up that matter with me.

Mr. GARRETT. Is he in any way a relative to the Welch who has testified here?

Mr. WORCESTER. Not at all, sir; so far I know. They may possibly have some distant family connection.

I would like to insert at this point a list of the occupants of large holdings on the Tala estate. Mr. Martin has called attention to the rapidity with which we finally succeeded in selling the lands on that estate. We succeeded in doing that by renting and selling tracts very greatly in excess of 16 hectares, and the table shows a list of the purchasers, on the Tala estate who were not tenants or occupants upon the date of execution of the Carpenter preliminary contract—the area purchased by each aggregating more than 40 acres. There are 14 such tenants and their total holdings are

7,814.1 acres. Also a list of purchasers, Tala estate, who were tenants and occupants prior to the date of execution of the Carpenter contract but who subsequently leased vacant lands, the total aggregating more than 40 acres each; also a list of purchasers, Tala estate, of more than 40 acres each who were tenants and occupants of their lands prior to date of the Carpenter contract. The sum total of these large holdings is 8,892.8 acres.

List of purchasers, Tala estate, who were not tenants or occupants upon the date of execution of the Carpenter preliminary contract; area purchased by each aggregates more than 40 acres.

Names.	Parcels.	Acres.
Buendia, Maria.....	36	1,531.3
Constantino, Arcadio.....	3	108.7
Crisostomo, Mariano.....	14	619.3
Cruz, Nicolas C.....	41	1,972.9
Diaz, Adriano.....	4	100.9
Enrile, Domingo M.....	18	865.3
Guansing, Enoc.....	5	188.7
Gula, Manuel de.....	2	61.9
Ignacio, Lucio.....	4	186.7
Leal, Sotero.....	1	50.9
Ponciano, Leopoldo.....	3	73.4
Ramos de la Cruz, Gregorio.....	12	749.9
Resurreccion, Arcadio.....	13	569.2
Santillan, Gregorio.....	12	750.0
		7,814.1

List of purchasers, Tala estate, who were tenants and occupants prior to date of execution of Carpenter contract, but who subsequently leased additional vacant lands, the total aggregating more than 40 acres each.

Names.	Parcels.	Acres.
Cruz, Inocencio de la.....	5	41.9
Cruz, Pedro de la.....	12	64.8
Drueco, Jose (assignee).....	6	298.5
Manalo, Santiago.....	6	48.2
Mendoza, Eugenio.....	6	56.7
Mendoza, Victor.....	6	40.7
Wenseslao, Julian.....	3	85.8
		634.4

List of purchasers, Tala estate, of more than 40 acres each who were tenants and occupants of purchased lands prior to date of Carpenter contract.

Names.	Parcels.	Acres.
Altiveros, Miguel.....	3	49.5
Cinco, Buenaventura Tan.....	6	61.0
Cruz, Basilio de la.....	4	42.4
Daez, Adriano.....	3	43.6
Deato, Pascual.....	7	77.8
Devera, Severino.....	6	43.1
Domingo, Petronilo.....	5	40.7
Serrano, Julian.....	3	42.0
Valenzuela, Anselmo.....	6	44.4
		444.3
		634.4
		7,814.1
		8,892.8

Mr. MARTIN. Before we pass from that I wish to call the attention of the chairman to the fact that the offer I made from the Congressional Record of April 14 contained the first report or explanation of this matter by the Insular Bureau, and the statement was that 80 per cent of the Tala estate was occupied, while the showing now made by these gentlemen, Mr. Worcester and Capt. Sleeper, is that 80 per cent of it was unoccupied. There is that square direct conflict between the showing which they have made as to the condition of the Tala estate and the showing made by the Bureau of Insular Affairs. There are a great many things of that kind in this record that I would like to have incorporated.

Mr. WORCESTER. These direct conflicts usually disappear very readily upon analysis. I will be glad to submit an analysis of the facts bearing on that particular subject. You will find that the element of time, when the reports were made, has to do with the explanation.

Mr. MARTIN. I would like to have it put into the record and we can see whether the element of time has anything to do with it.

Mr. WORCESTER. You put in a statement of all you desire and I will put in all that I desire to put in.

The CHAIRMAN. And whatever either of you put in will be subject to the approval of the committee.

Mr. WORCESTER. I wish to call attention to the fact that the option on the Isabela estate, to Mr. E. B. Bruce, has been abandoned, and that the estate has been thrown back on the hands of the Government, the reason assigned being that it has not proved suitable for tobacco growing, and that the transportation difficulties are so great in connection with its possible use for sugar growing, for which it is suited, that the person having the option does not desire to take it up.

The CHAIRMAN. What is the acreage covered by that option?

Mr. WORCESTER. The vacant land acreage of that estate was about 48,000 acres, sir. Mr. Chairman, Representative John A. Martin, of Colorado, in his speech of June 13, 1910, delivered on the floor of the House, made specifically and in terms, numerous charges involving illegal, immoral, corrupt, and even criminal action on my part in connection with the sale and lease of friar lands and of public lands in the Philippine Islands. I made a somewhat detailed reply to these charges in a report which was addressed to the Governor General of the Philippine Islands, under date of August 29, 1910. On August 30, 1910, this report was forwarded by the Governor General to Hon. Jacob M. Dickinson, Secretary of War, and at his request was printed in a public document entitled "The Friar-Land Inquiry, Philippine Government." Said document is, however, not in evidence before this committee, much less has it been incorporated in the Congressional Record, where Mr. Martin's original charges were printed.

I have given 12 of the best years of my life to the service of the United States Government in the Philippine Islands. The chief resulting asset which I possess is such reputation as my official acts have earned for me. I have a wife who, like myself, has a right to be jealous of that reputation, and I have children to whom I desire to leave at least an honorable name. I have been charged with being an immoral and corrupt person and a criminal. I have friends and

acquaintances throughout the length and breadth of this country and in other countries as well. They have a right to expect, and they do expect, that I will meet these charges squarely and show them to be false and without foundation in fact, and I feel that, in common justice, I should have an opportunity to do so.

At the time when I requested that there be extended to me, as the person against whom the most serious charges were brought, the same privileges in the matter of examining witnesses which might be given to Mr. Martin as the person bringing the charges, a member of this committee very kindly suggested that I ought to be allowed to make statements supplementing, in such manner as I desired, my testimony brought out in direct examination. I now desire, with the consent of the committee, to avail myself of this privilege. The fact that statements made upon the floor by a Member of Congress are privileged, and that for them he may not be questioned, prevents me from asking that I be allowed to interrogate Mr. Martin relative to certain of the charges made in his speech, and leaves me no other recourse than to make a bare statement relative thereto, supporting it by such documentary evidence as is available. In order to save the time of the committee, on which I have already trespassed heavily, I have made it in writing. I ask that it be received in evidence and incorporated in the printed record of the hearings. At its close I have given my views as to what should be the policy of the Philippine Government in disposing of unoccupied friar lands.

Mr. Martin has expressed a desire to see the E. L. Worcester lease, and to compare it with other public-land leases, to determine whether or not it embodies any special provisions or privileges such as were embodied in the Carpenter lease. I have the pleasure of offering in evidence the E. L. Worcester lease and all other public-land leases ever made by the Philippine Government, and request that the E. L. Worcester lease be included in the evidence, and that there be included in the evidence a statement made by the committee as to whether the E. L. Worcester lease embodies any special privileges of any sort whatsoever.

The CHAIRMAN. You could hardly expect the committee to testify on the subject. Do you say that the other leases are in precisely the same form and contain the same provisions, qualifications, conditions, and privileges that are in the lease to E. L. Worcester?

Mr. WORCESTER. I do, sir. I thought perhaps the committee might like to have some unprejudiced person examine them.

The CHAIRMAN. You can leave the lease to E. L. Worcester and it will be inserted in the record at this point. The other leases the Chair thinks need hardly be inserted in the record and printed unless an inspection on the part of the clerk of the committee—and I now direct the clerk to make such an inspection—shows variations, in which event the lease containing such variations will be inserted in the record.

Mr. GARRETT. And all of them to be left with the committee?

The CHAIRMAN. They are all to be left with the committee.

(The following is the original copy of the lease to E. L. Worcester above referred to:)

B. L. Form No. 54.

UNITED STATES OF AMERICA, GOVERNMENT OF THE PHILIPPINE ISLANDS.

LEASE.

Bureau of lands No. 65. Lease No. 8.

This lease, made and entered into, in duplicate, this first day of April, 1909, by and between C. H. Sleeper, director of lands, acting herein for and on behalf of the Government of the Philippine Islands, as authorized by the provisions of section 70 of act numbered 926 of the Philippine Commission, as amended by act numbered 979, and authorized to execute this lease by the provisions of Act Numbered 1525 of the Philippine Commission, hereinafter known as the party of the first part, and E. L. Worcester, of Cabanatuan, Province of Nueva Ecija, hereinafter known as the party of the second part—

Witnesseth: That the party of the first part, for and in consideration of the rents, covenants, and agreements hereinafter contained, to be paid, kept, and performed by the party of the second part, has demised, leased, and let, and does hereby demise, lease, and let, unto the said party of the second part the following lands, with the appurtenances thereunto of right belonging, lying and being in the barrio of Cabucbucan, municipality of Bongabon, Province of Nueva Ecija, Philippine Islands, being a portion of the public domain, the property of said Government, and described as follows, to wit: Beginning at point marked 1 on plan, S. $0^{\circ} 26'$ W. 313.10 m. from witness P. L. S./B. L. Monument, thence N. $10^{\circ} 25'$ E. 2,800 m. to point 2; S. $79^{\circ} 35'$ E. 1,600.00 m. to point 3; S. $10^{\circ} 25'$ W. 1,600.00 m. to point 4; N. $79^{\circ} 35'$ W. 400.00 m. to point 5; S. $10^{\circ} 25'$ W. 800.00 m. to point 6; N. $79^{\circ} 35'$ W. 400.00 m. to point 7; S. $10^{\circ} 25'$ W. 5,600.00 m. to point 8; S. $37^{\circ} 52'$ W. 1,610.12 m. to point 9; N. $7^{\circ} 21'$ W. 1,500.83 m. to point 10; N. $10^{\circ} 25'$ E. 2,288.74 m. to point 11; S. $79^{\circ} 35'$ E. 400.00 m. to point 12; N. $10^{\circ} 25'$ E. 2,911.26 m. to point 1, point of beginning.

Bounded on all sides by public land and containing an area of nine hundred seventy-seven hectares, thirty-eight ares, and three centares, according to the official plat of the survey thereof on file in the bureau of lands, Manila:

To have and to hold the said described premises unto the said party of the second part for the full term of 25 years from and including the first day of April, 1909, at a yearly rental of four hundred eighty-eight and $\frac{69}{100}$ pesos (P488.69), Philippine currency, to be paid annually, on the first day of April in each and every year during the continuance of said term, at the office of the bureau of lands, Manila, or to the provincial treasurer of the Province of Nueva Ecija.

That the said party of the second part hereby covenants to and with the said party of the first part to pay the said rent to the said party of the first part, his successor or duly authorized agent, at the time and in the manner herein set forth.

It is specially covenanted that the said party of the second part shall not sublet the whole or any part of the premises herein described, or assign this lease, without permission, in writing, of the party of the first part, and of the secretary of the interior, first had and obtained; and it is expressly understood that this lease shall terminate and expire on the 31st day of March, 1934, and that no presumption of renewal or continuation beyond that day can arise otherwise than as provided in section 28 of said act numbered 926, as amended by act numbered 979. The party of the second part hereby waives all right in this respect conferred by the provisions of article 1566 of the Civil Code. The party of the second part hereby waives all rights to notice or demand for the payment of rent provided in section 80 of the Code of Civil Procedure, as well as all other periods of grace. The party of the second part hereby further waives any right he may acquire under the provisions of article 1575 of the Civil Code to any reduction of rent on account of any loss or damage suffered by reason of extraordinary unforeseen fortuitous events.

The party of the second part fully understands and agrees that the premises herein described are leased and demised subject to the provisions of sections 19, 50, and 51 of the act of Congress of the United States entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," approved July 1, 1902, and of sections 28, 30, 31, 73, 74, 75, and 76 of the public-land act numbered 926.

And it is further covenanted and agreed by and between the parties hereto that, on default in the payment of rent, or a breach of any of the covenants herein, by the said party of the second part, the said party of the first part may elect to declare this lease forfeited and void, and, after having given 30 days' notice in writing to the said party of the second part, may enter and take possession of the said premises, and said

party of the second part hereby covenants and agrees to give up the possession thereof; and that the covenants, provisions, clauses, and conditions of this lease shall extend to and be binding upon the successor or successors of the party of the first part, and to and upon the heirs, executors, administrators, or legal representatives of the party of the second part, and they are legally bound thereby.

In witness whereof the said parties have hereunto set their hands.

C. H. SLEEPER,
Director of Lands.
E. L. WORCESTER.

Signed and delivered in the presence of:

GEO. S. WORCESTER.

IDA E. WORCESTER.

Approved:

DEAN C. WORCESTER,
Secretary of the Interior.

(A comparison, made by the clerk, of the E. L. Worcester lease with the other leases offered in evidence disclosed no variation in form.)

Mr. GARRETT. In the last statement made by Mr. Worcester he suggested a desire to insert in the record a statement in answer to the speech of Mr. Martin made on the floor of the House. That, I understand, is prepared, and is submitted, is it, Mr. Worcester?

Mr. WORCESTER. Yes, sir.

Mr. GARRETT. With the request that it go into the record?

Mr. WORCESTER. It has been suggested, if you will permit me another word of explanation, several times that my original reply to Mr. Martin's speech be inserted in the record. That is quite a voluminous document, and it contains a great deal of matter which is tabulated and expensive to print and which has already been printed in the record of these hearings. What I have done is to go to work and take certain specific things, like the charge that my lease of public lands to my nephew involved immoral, corrupt, and criminal conduct, and even malfeasance in office on my part, and make a reply. In other words, I have taken up matters which I think ought to go into the record and ask for their inclusion there rather than for the inclusion of my original report, as that covers a great deal of ground which has since been satisfactorily covered.

Mr. GARRETT. I have no objection to putting into the record here, or anywhere that you desire, any answer that you wish to make upon the questions affecting you personally, but your statement wound up with the statement that you had prepared, at the conclusion, a recommendation as to what you thought the policy ought to be in the Philippine Islands. I just wanted to ask whether the recommendation as to the policy was so intertwined with your other remarks as to be essential to your personal defense, if I may put it that way?

Mr. WORCESTER. No, sir; I have simply given in writing what I should have been glad to give verbally on the stand—a statement of the amount of unoccupied land, its value, the cost to the Government of keeping it in that way, and what, in my opinion, ought to be done about it—and that is all. We have had some discussion about that matter, and that statement I should like to put into the record.

The CHAIRMAN. Mr. Garrett's question was whether that is so intermingled with your other statement that it could not be separated?

Mr. GARRETT. Is it at all necessary, for what you deem to be your defense, if you will permit me to put it that way, to have that as a part of your defense?

Mr. WORCESTER. I would not say that; no, sir. But you will remember that Mr. Martin called attention to the fact that the Secretary of War had stated, in effect, that pending the decision by Congress of this matter additional large friar-land sales would not be made, and that decision, of course, or rather recommendations concerning it, will be made by this committee, and I would like to have the committee have before it my views as to what ought to be done. That is all.

The CHAIRMAN. I do not understand that this committee is called on to make any recommendation as to any change that ought to be made in the law. We are to report on the facts and the law as the law now is.

Mr. RUCKER. As I now understand it, Mr. Worcester was ready to go into this matter when he was on the stand, and we have examined a number of witnesses here approaching, if not going almost to the root of the question, as to what the policy of the Government has been, and what it is intended to be, and Mr. Martin, as I understand, will contend that it has been the policy of this Government to pursue a certain course with reference to these lands, and, as I understand it, Mr. Worcester has somewhat anticipated that, and he now asks to put in his own views; is that true?

Mr. WORCESTER. Yes, sir.

Mr. GARRETT. I am not disposed to object to it, and I should not object at all if it is in any way connected with what Mr. Worcester deems necessary in reply to the charges made on the floor of the House, which he construes as reflecting upon him, but I was going to suggest if it is not, that that part of the statement which he has prepared be submitted to the committee to be taken up in executive session along with these other things.

The CHAIRMAN. The Chair thinks that is very proper.

Mr. GARRETT. So far as the personal matters are concerned I am perfectly willing that they should go into the record.

The CHAIRMAN. Does the Chair understand that this statement is in two parts, or is readily separable into two parts, the first part of it being a continuation of your testimony as a witness under oath and the second part being an expression of your opinion as to what the policy of the Government ought to be in the matter in order to dispose of these lands?

Mr. WORCESTER. I did not expect the evidence to close this afternoon, and I have not the statement with me, but I will put it in the shape you suggest and submit it to-morrow.

The CHAIRMAN. Then the statement with reference to the policy of the Government you may put in a separate paper and it will be submitted to the committee in executive session, along with similar offers which we now have pending, and the other paper will go in at this point.

Mr. WORCESTER. I may, perhaps, in continuing the evidence in that way, make a statement in reply to two or three things that Mr. Martin has himself said to the committee in the way of evidence. I hoped he might take the stand as a witness and I had intended to interrogate him.

Mr. MARTIN. You may ask me any questions you wish, Mr. Worcester. I stated to the chairman that I appeared before this committee in any way the committee wished, and you are at perfect liberty to ask me any questions you desire.

The CHAIRMAN. Mr. Martin did so state, and we practically treated him as a witness, but he being a member of the House we did not go through the formality of putting him under oath.

Mr. WORCESTER. It will probably save the time of the committee, and I presume the committee prefers to have it done in that way, for me to simply call attention to the facts. For instance, Mr. Martin has pointed out what he deems to be a contradiction between the report made by the Secretary of War as to the amount of land leased to Mr. Thayer and the statement on the same subject in my report. I simply wish to call the attention of the committee in that connection to the fact that Mr. Martin failed to note and put in the record at that time another and later statement on that subject which had long been here, to the effect that Mr. Thayer had leased even a larger amount of land than I reported, the explanation being that when the first cablegram was sent he had simply an application in; that at the time the second report was sent he had leased some 12,000 acres, and before the time that my final report was made he had abandoned a certain part of that property, so that this, like so many of these other apparent contradictions, to which Mr. Martin calls attention, disappears when the element of time and a few other things are taken into consideration, and in comparing the information conveyed in cablegrams and letters it is quite important to consider the element of the time at which the statements were made.

The CHAIRMAN. Is Mr. Thayer the man who has disappeared?

Mr. WORCESTER. Yes.

The CHAIRMAN. What has become of his leases?

Mr. WORCESTER. They were taken over by his debtors in Manila. A receiver was appointed, or receivers were appointed, for him by the court, and they have these things in charge at the present time, in the interests of his Manila creditors.

The CHAIRMAN. When do the leases expire?

Mr. WORCESTER. I could not tell you, sir.

Mr. SLEEPER. Very shortly, I think.

Mr. GARRETT. Was not he connected with the Isabela estate?

Mr. WORCESTER. No, sir; these leases were on the Calamba estate.

Mr. GARRETT. Oh, yes.

Mr. WORCESTER. The Isabela estate has been abandoned, and the land thrown back on the hands of the Government.

The CHAIRMAN. Does Mr. Martin want to ask any questions?

Mr. MARTIN. Just a moment, Mr. Chairman. This document is not in the record.

The CHAIRMAN. What is it, so that it can appear in the record?

Mr. MARTIN. This report by Secretary Worcester and Executive Secretary Carpenter. There is in the record, but not in such form as will make it available for my present purpose, the sales certificate No. 1—

The CHAIRMAN. I think that is already in the record.

Mr. MARTIN (continuing). Of the San Jose estate, as it appears at page 45 of this document.

The CHAIRMAN. Are they not all in?

Mr. MARTIN. Yes, they are all in, but that is not my purpose—

The CHAIRMAN. I was going to suggest that has been referred to very often, and you want a part of it and Mr. Worcester wants a part of it, and if it is the sense of the committee, all of it may go in. It would have been cheaper to have put it in, in the first place.

Mr. MARTIN. All I want is to call attention to the fact that this report by Mr. Worcester is dated Manila, August 19, 1910. He set out in that report—which I understand was the defense and explanation of this matter, the justification of it, etc., prepared at a time when it was not anticipated, perhaps, that he would appear in person—sales certificate No. 1.

Mr. WORCESTER. It was hoped, Mr. Martin, that the committee or a subcommittee would come to the Philippines and investigate, as you will find if you will read the next paragraph of the report.

Mr. MARTIN. Yes; but what I want to call attention to is this, that you set out in your report of that date sales certificate No. 1, which had been canceled on the 4th of January preceding, but not the certificates which took the place of certificate No. 1, and which were the existing instruments for the conveyance of this land at the time you prepared this report.

Mr. WORCESTER. I would be very glad to have the sales certificate inserted here. It is already in the record.

Mr. MARTIN. It is already in the record, but I want to call attention to the fact that you set out certificate No. 1 in this prepared report, which certificate had been then canceled more than eight months, but did not set out sale certificates Nos. 2 and 3; and the different character of Nos. 2 and 3 as compared with No. 1 was not brought to the attention of the committee until I brought it to their attention after the Christmas holiday recess of Congress.

Mr. WORCESTER. I am glad to have attention called to that fact, but I object very strongly to your intimating that I thought that there was some probability that I would not be given an opportunity to appear before the committee. The text of my report shows the contrary. I further call your attention to the fact that you were the first person who had the opportunity to bring those additional sale certificates to the attention of the committee, after the committee convened over here, and I will make my reply to your present intimations in the addition to my testimony that I am to communicate in writing.

Mr. MARTIN. There is just one more thing I want to say, Mr. Worcester. You gave out a report, a statement in the public press at San Francisco, and you have virtually made the same statement to the committee, and, I think, have made the statement in your introductory remarks to the matter which you have there before you and which you wish to have inserted in the record, that I had criminally libeled you, but that I was protected by my constitutional privilege; and I want to say to you right now, Mr. Worcester, that if you think you have been criminally libeled by me, I, as a matter of record, now waive that constitutional privilege and say to you that the courts of this country are open to you to seek whatever redress they may afford you and that you may think you are entitled to.

Mr. WORCESTER. Can you waive your privilege?

Mr. MARTIN. I will waive it.

Mr. WORCESTER. Would the court hold that you could do it?

Mr. MARTIN. Well, sir; I will waive it.

Mr. WORCESTER. But can you?

Mr. MARTIN. I think I can.

Mr. WORCESTER. I think you can not; I think that the courts would hold that the Constitution determined there, and not the will

of Mr. Martin; and I will say to you further in that connection, Mr. Martin, that as I am a public official of the Philippine Government, here on official business, and compelled to return to the Philippines at the earliest possible moment; and as witnesses, documents, and other things that would be necessary in bringing a libel suit are either in the Philippine Islands or are a part of our public records, which I can not keep here indefinitely for my private convenience, it would be very difficult for me to bring an action in court against you. Yet, I assure you, sir, that if it were not for your constitutional privilege I should be strongly tempted to ask for my leave, or to resign from the Philippine Commission and bring an action against you. You have charged me with immoral, corrupt, and criminal conduct, and with malfeasance in office——

Mr. MARTIN. Yes?

Mr. WORCESTER (continuing). And if your statements are not true, it seems to me, with my limited knowledge of the law, that you have libeled me most grossly. The court would determine whether or not those charges were true.

The CHAIRMAN. Well, we have heard the statements on either side and we need not go any further into this. If there is no other matter suggested, the testimony in this matter is concluded.

Col. MCINTYRE. Mr. Chairman, I would like to be sworn. There are some matters that have been called up with reference to the bureau, and I think that I could right everything in a very few minutes.

The CHAIRMAN. Very well; if that is the pleasure of the committee.

Col. MCINTYRE. I am ready this afternoon.

Mr. GARRETT. Mr. Chairman, Mr. Jones requested of me just before he left the room to ask the committee not to close the hearings, that is, formally close them, this afternoon.

The CHAIRMAN. Well.

Mr. GARRETT. I was just on the point of suggesting that there are matters in the House that perhaps make it advisable for us to be there, and probably it would suit Col. McIntyre as well to come back to-morrow.

The CHAIRMAN. I am afraid I can not sit to-morrow.

Mr. GARRETT. Oh, that is so; you are presiding to-morrow in the House.

The CHAIRMAN. I could not be here to-morrow in the daytime. I might be in the evening. How long will you take, Colonel?

Col. MCINTYRE. I will take but a very short time, although I would be glad to come at any time, at the convenience of the committee.

The CHAIRMAN. Well, I think we will hear you now.

**TESTIMONY OF COL. FRANK MCINTYRE, UNITED STATES ARMY,
ASSISTANT TO CHIEF BUREAU OF INSULAR AFFAIRS, WAR
DEPARTMENT.**

The witness was sworn by the chairman.

The CHAIRMAN. State your name and rank.

Col. MCINTYRE. Frank McIntyre, colonel United States Army: assistant to the Chief of the Bureau of Insular Affairs of the War Department.

The CHAIRMAN. Here in Washington?

Col. McINTYRE. Stationed in the city of Washington.

The CHAIRMAN. We had not expected you to testify, Colonel, and there is only one thing that occurs to me to ask you. In some of the correspondence or in some of the testimony that has been given I have an impression that in some way it has been intimated that you gave to somebody an opinion that there was a limitation upon the amount of friar lands that could be sold to an individual, and I would like to hear what you have to say on that point.

Col. McINTYRE. I will begin, if I may, just where this matter first comes in. In July, 1909, Gen. Edwards, the Chief of the Bureau of Insular Affairs, went abroad. He returned to the United States, landing in New York on the 3d day of September, reaching the bureau on the 10th of September. I was, in his absence, Acting Chief of the Bureau of Insular Affairs. Mr. Hammond, of the firm of Strong & Cadwallader, wrote to the War Department and asked for the laws of the Philippine Islands. He was advised that the price of the laws, in the form in which we then had them, would be about \$25, but that if he was interested in any particular law I could perhaps forward him a copy of it.

The answer was simply pro forma, such as we would send out to any inquiry. He replied by sending a check, and we sent him the entire set of laws. He later, on September 3, in the afternoon, came to the office. He was unknown to me. I had never seen him before. The Chief of the Bureau of Insular Affairs was absent from the city, and had been absent for a month, and had never seen Mr. Hammond before or since. He asked several questions with reference to the land laws of the Philippine Islands, and what view the Government took of possible investments in those islands. Being a subordinate official, I confined my replies very largely to a statement of what had been publicly announced by those in authority, that they would gladly welcome capital to the Philippine Islands, and that persons making legal and proper investments would receive every consideration there. He explained that his clients were desirous of purchasing land in the Philippine Islands. I got the impression that they desired to form a corporation to engage in the growth and manufacture of sugar in the islands. I called his attention to the legal difficulties in the way, and particularly to section 75 of the organic act, which limits the holdings of land by a corporation authorized by its charter to engage in agriculture.

The CHAIRMAN. That limits it to how much?

Col. McINTYRE. 1,024 hectares. I spoke in a general way of the lands in the conversation. I had explained the difficulties of private citizens obtaining a considerable holding of public land, and he said that he understood that the San Jose estate, a friar estate, was for sale. This is recalled partly from the subsequent examination of the bureau records. I told him that I did not know that the estate was for sale. In discussing the question of corporations, I told him that there had apparently been two opinions, disagreeing, one of which was an opinion rendered by Judge Magoon when he was law officer of the Bureau of Insular Affairs, and another an opinion rendered by the attorney general of the Philippine Islands; and that I would have those opinions copied, we having but the file copy, and send them to him, which I did on the following day, September 4. Mr. Hammond, after discussing the matter, said that he felt some delicacy

about the business, in view of the fact that his firm had formerly had as a member thereof the Attorney General of the United States, and that one of the members at that time was the brother of the President, and he thought he would advise his clients to seek other counsel; that he particularly felt this way with reference to the matter, in that they were not regular clients of his, but had been referred to him by Mr. Johnson, I understood him to say of Pittsburg or Philadelphia I did not know the gentleman. That was about the extent of our conversation.

The next day I sent the letters and had practically dismissed the matter from my mind, though I was very anxious that these men, who were apparently, from what their attorney had said, people with money, should invest their money in the Philippine Islands. Shortly after Gen. Edwards returned to the bureau we received a report from the bureau of lands of the Philippine Islands on the administration of the friar estates. Through an error in transmitting that, three columns of numbers which should have been pasted on were omitted and the report was therefore defective in a number of respects. On the strength of this I prepared part of a letter to the Governor General calling attention to what I conceived to be these defects, and the unfinished letter was called to Gen. Edwards's attention. He knew nothing at that time of Mr. Hammond, or Mr. Hammond's visit to the bureau, which had been in his absence. Discussing the incomplete letter, I called his attention to the fact that Mr. Hammond prior to his visit had apparently heard that the San Jose estate was for sale, and that we knew nothing about it. There was then added to the letter a general statement to the effect that the bureau had been visited by a prominent attorney of New York in connection with the purchase of the San Jose estate. He had apparently been informed that this estate was for sale. We added:

We have no knowledge of this being the fact. Please let us know what is the condition of this.

I could, of course, give the exact wording of the letter. I am speaking now from memory, but that was the effect of it. It said we would like to know what was the condition as to San Jose and what action was to be taken with the other estates, the vacant lands of which were to be sold in large tracts. This was a letter dated September 27 of that year, signed by Gen. Edwards. That letter was then mailed to the Governor General.

The matter was again called to our attention on the 22d of November following. In going home from the office in the afternoon I saw in the Washington Star a general statement that the Sugar Trust had invested in the Philippine Islands, indicating that this San Jose estate had been purchased. I made a note of that in my mind—possibly kept the paper with me, I am not sure. On the following morning Mr. de Gersdorff came into the office. I had known Mr. de Gersdorff previously, and I spoke to him about this, and he told me then that he had come with reference to the purchase of the San Jose estate. I called his attention to the statement which had appeared in the paper on the preceding day, and jocularly referred to his representing the Sugar Trust. He explained that he did not represent the Sugar Trust; that his clients whom he represented were young Mr. Horace Havemeyer—that was the name he used, young Mr. Horace Have-

meyer--Mr. Welch, and a gentleman with a name that meant nothing to me and that unfortunately I could not recall until later when, in giving my testimony before this committee, Mr. Fornes suggested that it was Mr. Senff, and I then remembered that that was the name. This was several months later that I placed Mr. Senff.

But Mr. de Gersdorff said these three men were the men he represented, and that they were to put up the money for the purchase of the lands in the Philippine Islands. He said that the purchase was contingent on his giving a favorable opinion on the title that the Philippine Government could give, and he wished that matter submitted to the Attorney General. He left with me a memorandum. Gen. Edwards was in the office that morning, but was busy with other matters. Later it was submitted to him, and was submitted, in turn, to the Secretary of War.

Now, I think that covers that part of it. That practically ends our connection with the matter.

The next thing that I wish to answer is with reference to our failure to inform persons calling for information of the true facts in this case. In reply to one of the first requests to the Secretary of War for information on this matter he sent a letter to the chairman of the Committee on Insular Affairs, dated April 9, 1910, which is, in fact, an order to his subordinates in the Bureau of Insular Affairs to give the information to Congress specifically and exactly as called for. In accordance with that, a letter dated April 11, 1910, was prepared in the Bureau of Insular Affairs in which in two places we invited the attention of the committee to the fact that we were trying to give them everything they wanted, but if there was anything that they wanted and which did not appear a further effort would be made, and that an officer of the bureau would be gladly sent to assist the chairman or the committee in a search for the information. These letters are published in House Report No. 1015, Sixty-first Congress, second session.

The CHAIRMAN. You are referring now to the correspondence which occurred before this resolution of inquiry was passed and the correspondence which appears in the Congressional Record?

Col. McINTYRE. Yes; that governed us in the matter. We were, therefore, as officers of the Army, triable for disobedience to the orders of a superior officer if we failed to give to this committee any information they requested. That is, in addition to the civil responsibility to the Government, there are specific laws under which we can be tried, not only for falsehood, which is a direct crime for which we may lose our commissions, but we were disobeying the order of our superior officer if we failed to give this committee information requested in regard to these matters.

One of the matters which has been referred to is the testimony given when I appeared before the committee with Gen. Edwards about a somewhat different matter in April, 1910. The question came up, and Mr. Garrett, one of the members of the committee, asked about this Mindoro Development Co.

The CHAIRMAN. Now, if you wish to answer that, I think it is eminently proper that the extract which Mr. Martin offered shall be admitted at this point.

Col. McINTYRE. Yes.

The CHAIRMAN. If there is no objection from the committee, it may go in here.

Mr. GARRETT. I would be glad if it could go in, inasmuch as my name is mentioned in this connection.

The CHAIRMAN. Very well, it will go in at this point.

(The first extract from the hearing referred to is here printed in the record, as follows):

Mr. GARRETT. There was a corporation organized in New Jersey called the Mindoro Development Co. at the time or immediately following this purchase. I suppose nothing is known yet whether there is any relation between it and this land, so far as the department is concerned?

Gen. EDWARDS. No, sir.

Col. McINTYRE. We do not know whether they have anything to do with this or not. I read Mr. Martin's speech in which he said there was such a company. Up to that time I did not know of the existence of such a company. I then, on my own initiative, in a cable of that day, because in some way I doubted if the corporation had been formed to take this over, asked if there was such a corporation authorized to do business in the Philippines, and they indicated that the company had been organized and probably would be authorized to do business; they apparently had some knowledge of it. We never heard of it until Mr. Martin's speech.

Col. McINTYRE. As to the Mindoro Development Co., Gen. Edwards was unable to reply. I answered that on reading Mr. Martin's speech referring to this matter, having some doubt as to the fact that this company had taken over the proposition with reference to this estate, I had inquired from the Philippine Government if such a corporation was authorized to do business in the Islands and that an answer had been made indicating that they knew about this company.

The CHAIRMAN. Just one moment. Mr. Martin also suggests, and it seems proper, that another extract from that hearing should be put in the record. Is this taken from the same hearing?

Mr. MARTIN. Yes.

The CHAIRMAN. This is a colloquy from the same hearing, touching another matter. It is from the same hearing concerning which Mr. Martin has spoken, and about which Col. McIntyre is now speaking. I will show it to Col. McIntyre.

Col. McINTYRE. Yes; I would like to see it.

The CHAIRMAN. It will go in the record at this point.

The extract from the hearing referred to is here printed in the record, as follows:

Mr. GARRETT. What is the name of the person who bought that land?

Col. McINTYRE. Mr. Thomas Poole.

Mr. GARRETT. Do you know for whom he was acting—is that known?

Gen. EDWARDS. There were three people in it.

Col. McINTYRE. The attorney for those people came to the office, Mr. de Gersdorff—this matter had been referred to in the papers as the sugar trust invading the Philippines, as I remember—and he said that he did not represent a corporation in any way, but that the men who were putting up the money were Mr. Horace Havemeyer, Welch, and Mr. Senff. I am not certain as to that name; it is a decided German name. He said that two of those men owned stock in the American Sugar Refining Co., and the third, he thought, or was positive, did not.

Col. McINTYRE (after examining above extract). I will answer first with reference to the company. I did not answer more positively because the cablegram I did not have at hand; but I had read it carefully on its receipt, and it was very doubtful in form. The cablegram was, of course, received without punctuation, and it is not a definite answer to the question which we had sent. They used the

word "probably" in a way that left some doubt in my mind as to whether the company was probably to be authorized to do business, or exactly what it was; but, at any rate, I did not have the cablegram. It was produced immediately on call and would have been given that morning, but we did not come prepared to give it. I would be glad to have the members of the committee read the answer and read the cablegram. They will see that the answer is as definite as the cablegram will permit of being given.

I was also asked a question as to the name of the person buying the land. I gave the name as Mr. Thomas Poole. That was the information, but it seems I have the initials wrong.

I do not know the order of the questions, but I was also asked by Mr. Garrett if I knew for whom Mr. Poole was acting, and Gen. Edwards said there were three people in it, and turned to me. The record is not, as the members of the committee will recall, full there. I said that I knew the names and that they were young Mr. Have-meyer, Mr. Welch, and a third person with a decidedly German name, which I was not sure of, but Mr. Fornes suggested that the third man was Mr. Senff, and I said, "Mr. Senff; that is the name, undoubtedly," and then I requested that these names be not entered on the record for the reason that I had not suggested publishing them when the attorney had given me the names of these three people. This was the first time that anyone apparently entitled to the information had asked for it, and I was perfectly willing to give it to the committee, and yet, as it was a private investment of these people, I saw no reason why it was a matter that should be given publicity, if they did not so desire. However, the committee thought otherwise, and the names were published.

The CHAIRMAN. At that hearing?

Col. McINTYRE. Yes; the names were published. Part of the colloquy does not appear as of record, but that is the fact.

Mr. GARRETT. The request to not publish the names was not made to the full committee, was it?

Col. McINTYRE. No; it was made to the several Members who were here present at the time, and Mr. Jones suggested that he thought they ought to be put in, as other matters had been. We had referred to a letter from Mr. Atkins, if you will remember. Mr. Atkins had written to the bureau as a director of the Sugar Trust, informing us that the Sugar Trust had absolutely nothing to do with this matter, and that had been referred to, and Mr. Jones said in as much as that name had been put in the record, the others should be also, and they were put in.

Now, with reference to further information, a complaint has been made by Mr. Martin that he was unable to obtain information——

The CHAIRMAN. I want to call attention at this point to these clippings. As I understand they are from that hearing.

Mr. MARTIN. Both of the clippings I offered there are identically as they appear in the hearing, word for word.

Col. McINTYRE. I wish also to make reply to the statement Mr. Martin has frequently made, that it was impossible to obtain information available in the bureau. Mr. Martin has never asked the Bureau of Insular Affairs for any information on this subject. In his first speech on the subject he said that he had seen a letter which

the Bureau of Insular Affairs had written to another Member, but that he knew as much about the matter as that letter contained.

That letter contained a statement as to the price which had been paid for this San Jose estate, and the price at which it had been sold. It was a letter in answer to a request for general information, and in an account of the stewardship, not knowing what the inquirer had specially in his mind, the most natural thing was to explain that the transaction, insofar as the Government was concerned, was not a losing one, and we gave what was paid for this estate, and what it was sold for; yet in that speech in which Mr. Martin called attention to the fact that he had seen this letter, he permitted it to appear by inference that we had sold this estate for one-third of what we had paid for it, although, as a matter of fact, it was sold for \$70,000 more than was paid for it——

Mr. GARRETT. Well, Mr. Martin——

Col. McINTYRE. May I just finish this?

Mr. GARRETT. Certainly.

Col. McINTYRE (continuing). And distinctly stated this—the one-third was by inference, but he distinctly stated—that he did not know whether it had been sold for one-third of what we paid for it, or not.

Mr. MARTIN. Or for three times what you paid for it?

Col. McINTYRE. I do not think that was stated, but you said you did not know whether it had been sold for one-third or not.

Mr. GARRETT. May I ask you a question?

Col. McINTYRE. Yes; I beg your pardon for stopping you before.

Mr. GARRETT. I recall the colloquy on the floor of the House very well. Mr. Sabbath, a Member from Illinois——

Col. McINTYRE. Yes.

Mr. GARRETT (continuing). Arose and asked Mr. Martin the question——

Col. McINTYRE. Yes.

Mr. GARRETT (continuing). Whether this estate had been sold at one-third its cost, and my recollection is that Mr. Martin in his answer to Mr. Sabbath expressly disclaimed any intention to charge any such thing.

Col. McINTYRE. But he said that he did not know whether it had or not.

Mr. RUCKER of Colorado. But he did a day or two afterwards.

Col. McINTYRE. Let me follow this a little further to show the point here. I have shown that Mr. Martin did not ask us for information; but we do not always withhold information on that account. Now, I want to show why we did not go after Mr. Martin with information. That was the first thing that Mr. Martin stated, and it left the general impression that we had sold this estate for one-third what we had paid for it. Now, he had been furnished the correct information, and he should have known, because it is the most prominent fact set forth in the letter. It is one of which we were naturally proud.

Mr. GARRETT. Now, in justice to Mr. Martin—I do not want to do him any injustice nor do I want to attack him here—was there anything he said that suggested that these lands had been sold for one-third what had been paid for them?

Col. McINTYRE. Yes.

Mr. GARRETT. Was not that suggested wholly by the question here?

Col. McINTYRE. No, sir; his final statement was that he did not know whether these lands had been so sold. He said, "It would be 33 per cent of the average price, but I do not know whether it will be 33 per cent of the price paid for this estate in Mindoro." But a few days later——

Mr. FORNES. May I ask you a question right there?

Col. McINTYRE. Yes.

Mr. FORNES. If Mr. Martin had made a request for that letter to which you have referred, the department would have sent him a copy of the letter?

Col. McINTYRE. Yes.

Mr. FORNES. He made no request for that letter?

Col. McINTYRE. No, sir; but a few nights later I was called up on the telephone by Mr. Keene, the manager of one of the press associations, who said that Mr. Martin had given out a statement on this matter, and he asked me some questions about it. I said that Mr. Martin had apparently created the impression that we had sold this estate for one-third of what we paid for it, and that it made it very difficult to answer Mr. Martin's statements, as he knew the facts, which were widely different; and the next day, in the Washington Post, there was published a statement of Mr. Martin which again, without distinctly saying that we had sold this for one-third of what we had paid for it, left clearly that impression, and the fact that the impression was general was shown by the fact that later Mr. Covington, of Maryland, in a speech on the floor of the House, made the unequivocal statement that we had sold it for one-third of what we had paid for it.

The CHAIRMAN. Was not what Mr. Martin intended, that you had sold it for one-third of the average price you got for all of the friar lands?

Col. McINTYRE. Yes, I understand; but the difficulty was that Mr. Martin must have known the purchase and sales price of the San Jose estate, and we did not seek Mr. Martin with information, but furnished all information which was called for. All documents that have been called for have been furnished, and every fact within our knowledge has been furnished. We did not volunteer the names of these three persons who had put up the money, because it did not seem pertinent to any inquiry we had received, until Mr. Garrett made the direct inquiry, and then the answer was given. I have nothing further of my own that I care to say.

Mr. MARTIN. I would like to ask Col. McIntyre a few questions, if the Committee wishes.

The CHAIRMAN. Go ahead.

Mr. GARRETT. If I understand, Col. McIntyre, you say a few days later, following the colloquy between Mr. Sabath and Mr. Martin, he gave out a newspaper interview?

Col. McINTYRE. Yes.

Mr. GARRETT. That does not appear in the Congressional Record, does it?

Col. McINTYRE. No.

Mr. GARRETT. The newspaper interview I did not see.

Col. McINTYRE. I would be glad to furnish a copy of it if the committee desires. I think I have the entire account that appeared in the Washington Post.

Mr. GARRETT. I have no doubt that it appeared, you understand.

Col. McINTYRE. Yes; I understand.

Mr. MARTIN. I want to say at this point, Mr. Chairman, that I shall ask permission to look over my matter and present, in some concise form, what I have said about this particular feature, because it was never in my mind at any time to charge the sale of this estate at less than the price fixed by law.

The CHAIRMAN. It seems to me that with that statement by Mr. Martin there ought to be no occasion to introduce any further evidence.

Mr. MARTIN. But I said that in my opinion it was absolutely immaterial to us whether it was sold for one-third, or for three times, what it cost; that my position was that the sale was illegal without any regard whatever to the amount realized out of the sale. But Mr. Sabath did break in there on me, when I was not anticipating it, and I did not have the figures in my mind—never dreamed that such an interpretation would be put upon my answer—and it just passed off as one of those incidents in debate that a man does not think of two seconds afterwards, until I saw the construction, as Col. McIntyre says, which was placed upon the colloquy.

The CHAIRMAN. Was that construction given in the interview which you gave out to the newspaper man?

Mr. MARTIN. Not to my recollection. I can not recall that I ever made to an interviewer a statement of any character intending to convey the impression that the sale had been for less than the amount fixed by law—

Mr. FORNES. You made a second speech in the House, did you not?

Mr. MARTIN (continuing). Or less than the amount they paid for it.

Mr. GARRETT. I recall very distinctly hearing Mr. Martin's speech to which Col. McIntyre has referred; but I have not read it since. I have not read it since in the Congressional Record, but I know I did not come out of there with the impression that that speech conveyed the idea that the government was selling this land for less than had been paid for it. I did not see the newspaper interview which Col. McIntyre refers to, and I did not know that that impression was conveyed. It has been referred to here in the committee two or three times, but I never thought that Mr. Martin's speech conveyed that idea.

The CHAIRMAN. It seems to the chair that it is hardly worth while to take up more time with this. Mr. Martin says he did not intend to be so understood, and he does not wish now to be so understood, and we have the facts as to the price paid for it and the price it sold for, and that it was a good deal more than the price paid for it.

Mr. RUCKER. I think in addition to his having stated it before this committee that he stated on the floor, and I think he distinctly disavowed—that is my recollection about it—that he made any such statement about it, or was responsible for any such statement.

Mr. MARTIN. It would assist my cross-examination somewhat if I had anticipated Col. McIntyre being a witness, and had brought down from my office all the various resolutions that I have introduced asking for information, but I have here the reply of the War Department made on April 14, 1890, to House resolution 575, which was what I may term a blanket resolution calling for information in detail with reference to the sale of the San Jose estate.

The CHAIRMAN. Did it call for information in detail, or documents in detail?

Mr. MARTIN. It called for—

Copies of all correspondence, whether by letter, cable, or otherwise between the Secretary of War, the Bureau of Insular Affairs, or other bureaus or officials of the War Department and the Governor General or other officials of the Philippine Government, relative to the sale of the 55,000-acre San Jose estate in the island of Mindoro.

It also calls for—

A list of all sales or leases or proposed sales or leases of friar lands, other than the San Jose estate, in excess of 16 hectares to an individual, or 1,024 hectares to a corporation or association, including the alleged rental, with privilege of purchase, of the 50,000-acre Isabela estate and the 16,000-acre Tala estate.

Mr. FORNES. Mr. Martin, you made your speeches in March?

Mr. MARTIN. Yes; one on the 25th of March and the other on the 29th of March.

Mr. FORNES. Following that, then, you made this request?

Mr. MARTIN. Yes. There are just some few things in this resolution that I want to refer to, not all of them. I asked for—

The name of the attorney of the investor mentioned in the letter of the Chief of the Bureau of Insular Affairs to the chairman of the Committee on Insular Affairs, House of Representatives, of date March 24, 1910; whether the opinion of said attorney, that the sale of the San Jose estate is valid, is in writing; and if so, a copy of same.

I asked also for—

The name of the attorney of the purchaser mentioned in the letter of the Chief of the Bureau of Insular Affairs to the chairman of the Committee on Insular Affairs, House of Representatives, of date January 28, 1910; whether said attorney submitted in writing his question as to the right of the Philippine Government to sell the San Jose friar estate; and if so, a copy of the same.

The CHAIRMAN. Is that the resolution that passed the House?

Mr. MARTIN. Yes. Now, with reference to my efforts to get information—

Col. McINTYRE. Those calls were specifically answered.

Mr. MARTIN. Prior to the time that this matter was pressed to a regularly instituted inquiry, I want to call your attention to the fact that in answer to that general resolution you sent up certain matters which purported to be all of the information.

Col. McINTYRE. Purported to be answers to the specific matter which was inquired for, and I think they covered it.

Mr. MARTIN. Yes; but, upon which information as sent up by the Bureau of Insular Affairs, I was enabled to draft, and introduced from time to time, 15 or 16 specific resolutions of inquiry which were referred to this committee and favorably reported by it, and which from time to time brought out additional information; so that, subsequent to the time this matter was sent up and inserted in the record, we have had three or four volumes of information sent up by the War Department—some of it, matter which I consider very pertinent in this inquiry, not being sent up until the convening of this Congress. House Document No. 1071, for instance, was referred to this committee on the 5th of last December, the day Congress convened, and others of those publications—

Mr. FORNES. May I ask a question right there, Mr. Martin?

Col. McINTYRE. Yes.

Mr. FORNES. Were all of these documents obtainable here in Washington, or did they have to write to the Philippines for some of them? Did you get any excuse or——

Col. McINTYRE. Some of the information was available in Washington, and some of it had to be sent for.

The CHAIRMAN. A complete answer to the resolution required information only obtainable from the records in the Philippines.

Mr. FORNES. On that January 28 inquiry you had to write to the Philippines, then, for most of the information?

Col. McINTYRE. No; I think on that particular inquiry each question was specifically answered. To each question the answer was sent up, the name of the attorney in each case, and the form in which he had submitted his inquiry. It was all answered specifically and fully.

Mr. MARTIN. In order to illustrate this to the committee, subsequent to the time that this information came up, which I supposed to be all the available information on this subject, this letter from the Secretary of War transmitting a copy of the report of the director of lands of the Philippine Islands for the fiscal year ending June 30, 1909, was sent up on May 16, 1910. I made repeated efforts, and I know of efforts made by others, to secure a copy of that report before it finally came up. It was asked for in this resolution, No. 575.

Col. McINTYRE. And was immediately given.

Mr. MARTIN. Well, I can say, Col. McIntyre, that it was not printed in this report——

Col. McINTYRE. This document was in the office and was used by a great many people before it was ever sent up here—Senator Foster's secretary, for instance. Senator Foster was for some reason interested in matters in that report. He had access to it in the bureau, and it was later sent up here.

Mr. MARTIN. In what form was it when Senator Foster's secretary used it?

Col. McINTYRE. It was neatly gotten up, a typewritten report. It was not printed. The reason it was not printed was explained in one of the documents. About a year prior to that we had decided that the Philippine government report in four volumes was much larger than was necessary. People had lost interest in the matter.

Mr. MARTIN. Yes.

Col. McINTYRE. And as an economical movement, we suggested that it should not be so printed thereafter. The Philippine Governor General approved it, and gave orders so that the reports of heads of departments would be all that was necessary. We saved on this report something over \$14,000; that is, by printing one volume instead of three or four, as had been done in previous years. That was the object of the omission of that report. It was omitted in common with all the other reports of the bureau chiefs; but it was available, and we invited attention to the fact that it was available both in the printed report and in the answer to the inquiry.

The CHAIRMAN. What printed report do you mean; the report of the Secretary of War?

Col. McINTYRE. It was printed as one volume in the report of the Secretary of War. In all previous years it had been printed as three or four volumes.

The CHAIRMAN. I know; but you say attention was called to it in a printed report. What printed report?

Col. McINTYRE. The printed report of the Secretary of War; the volume containing the report of the Philippine Commission.

Mr. MARTIN. Now here is House Document No. 914, which is a volume of 88 pages, and then here is another one in the shape of a letter from the Secretary of War, dated June 7, 1910, and referred to the Committee on Insular Affairs June 10, 1910, that contains a large number of documents and letters and cablegrams and reports of sales and all that sort of thing indiscriminately scattered through it. It contains 160 pages.

Then here is House Document No. 1071, dated September 12, 1910. That is when Congress was not in session, and therefore it was only available to this committee for reference on December 5, 1910.

The CHAIRMAN. You do not hold the witness responsible for the fact that Congress was not in session?

Mr. MARTIN. No. This contains 118 pages. It contains a great many letters, and cablegrams, and so forth, indiscriminately mixed together, just as they are in this one of June 7, 1910. For instance, it contains a letter from the Secretary of War to the President about this matter.

Col. McINTYRE. If you will permit me, I will say if that had been left to the discretion of the officers who sent that up, a great deal of that would have been omitted as being of no use; but if we did omit it, we would certainly be accused of omitting matter that might be of interest to some person. It is perfectly apparent that all of that matter in the quarterly reports, which is most expensive printing, is of no earthly use.

Mr. MARTIN. Would you omit a letter from the Secretary of War to the President about the sale of this San Jose estate, and the President's reply?

Col. McINTYRE. I would omit it unless it was specifically called for, and unless the Secretary of War and the President approved of it.

Mr. MARTIN. Yes?

Col. McINTYRE. I certainly would not give out any letter of the Secretary of War of my own responsibility.

Mr. MARTIN. Now, going back a little, both of your letters to Mr. Olmsted, the letter of January 28 and that of March 24, contained the explicit statement that the sale of this estate was to an individual, did they not?

Col. McINTYRE. Yes.

Mr. MARTIN. And I sought, or thought I was seeking, to find out all of the information available about that matter, but did not learn until it came out from the questions of Mr. Garrett before this committee, on the 11th of April, 1910, that Mr. Poole was merely an agent, and that, to use your own expression, Havemeyer, Welch, and Senff put up the money to buy this land.

Col. McINTYRE. That was in answer to a question calling for that information.

Mr. MARTIN. Yes.

Col. McINTYRE. And it was the first time that that question had in any way come before us.

Mr. MARTIN. In your letters of January 28 and March 24 you referred to the attorney for the investor and the attorney for the

purchaser, but you did not name the attorney in either of those letters.

Col. McINTYRE. The attorney was Mr. de Gersdorff.

Mr. MARTIN. Yes.

Col. McINTYRE. And he was named just as soon as it was called to our attention that anyone was interested in it. Why did I know that anyone wanted to be told that the name of this attorney was Mr. de Gersdorff?

Mr. MARTIN. Yes; and is it not a fact, Colonel, that your letters would give the impression, the natural impression, that they were two different persons?

Col. McINTYRE. I never thought of it in that light.

Mr. MARTIN. In your letter of March 24, 1910, you referred to the attorney of the investor, and in your letter of January 28 you referred to the very able attorney of the purchaser; but those attorneys were one and the same man, were they not?

Col. McINTYRE. Yes.

Mr. MARTIN. Whose name was not given?

Col. McINTYRE. Because it was not regarded as being a matter of interest. It was given as soon as it was called for. There was no disposition to withhold it.

Mr. MARTIN. But the natural impression would be that they were two different attorneys?

Col. McINTYRE. One might gain that impression, though that was not intended.

Mr. MARTIN. Why was this matter about Mr. Hammond just included as a sort of a footnote, instead of being set out in the body of the letter?

Col. McINTYRE. It was only an explanation. This was a call for documents.

Mr. MARTIN. Yes.

Col. McINTYRE. The documents were furnished, but in order to explain the documents which use a man's name who did not appear elsewhere it was necessary, by way of a footnote, to explain the matter. That is, it was deemed necessary. Of course, it might have come along, and then the question would have been raised who was Mr. Hammond, and we would have to write another letter.

Mr. MARTIN. What was the idea you intended to convey to Mr. Hammond when you called his attention in your letter of September 4 to the fact that the Porto Rican laws were even more restrictive than the Philippine laws, yet they had not interfered in any way with the development of the sugar industry in Porto Rico, and that the development of that industry had gone on there as though there was no such provision of law?

Col. McINTYRE. I assume that the provisions of law are not intended to destroy or keep down any industry in Porto Rico or the Philippine Islands. I was in Porto Rico in 1898 and 1899. I returned there on a short visit in 1908, and the progress in those 10 years was a source of great wonder. I visited one of the sugar estates and passed by a number of them, and it was perfectly apparent to me that notwithstanding the restrictive laws as to landholdings progress in the sugar industry was possible, and I hoped that these people would not be deterred from a legal and proper investment

by the mere reading of a law, a careful examination of which might show that a proper investment would not be interfered with.

Mr. MARTIN. Is it not a legitimate interpretation to place upon that letter that they were invited to proceed with their plans in the Philippine Islands, with the assurance that they would not be hampered or restricted by the limitations in the law?

Col. McINTYRE. Yes, sir; it was intended as an urgent suggestion that they look into the Philippine matter before giving it up. I of course could give them no assurance that they would be in any way permitted to do, or that they might do, anything contrary to the law; but I was anxious that these people, at that time unknown to me, but apparently people with real money, should make an investment in the Philippine Islands.

Mr. MARTIN. The fact is, Col. McIntyre, that you were under the impression at the time that Mr. Hammond called at your bureau, and therefore had been prior to that time of the opinion, that the friar estates could not be sold in bulk?

Col. McINTYRE. If you will see my letter, or the letter the preparation of which I have referred to, of September 27, you will see it is of record that we were fully advised that the unoccupied friar lands could be sold in large tracts. There was a time, of course, when the law of the Philippine Commission prohibited the sale of larger tracts of friar lands to individuals than of public lands.

Mr. MARTIN. Yes.

Col. McINTYRE. But after I was advised of the passage of the amendatory acts—and I become advised as soon as they are received—I no longer questioned that.

Mr. MARTIN. You had not overlooked the effect of those acts?

Col. McINTYRE. No.

Mr. MARTIN. And you were not in the dark concerning these amendatory acts and their intent, as Mr. Worcester seemed to fear that you were?

Col. McINTYRE. No, sir; and I want to modify that a little. I might have been; I might have casually read this, but the report of the Philippine Government and the bureau of lands was such as to make the failure to comprehend impossible; because the Secretary of the Interior had distinctly stated what had been accomplished by the passage of those acts, and that had been printed and published before these inquiries were made; so that I knew in so far as the law was concerned, or the interpretation of the law by the Philippine Government was concerned, that there were no longer any limits on the amounts of unoccupied friar lands that could be sold.

Mr. GARRETT. May I ask, Colonel, did you gentlemen in the department there ever have any doubt about the full power of the Philippine Assembly to deal with those lands?

Col. McINTYRE. The matter was never discussed in any way that would enable me to say that we had formed this or that opinion. We had never questioned these laws as they were enacted. They had never been referred to the law officer of the bureau, or taken up in any way.

Mr. GARRETT. They had never been tested?

Col. McINTYRE. No, sir; it had been assumed——

Mr. GARRETT. Those laws had never been tested by the organic act?

Col. McINTYRE. No, sir; we had not gone into the legality of those acts in any way whatsoever.

Mr. FORNES. The construction of the law, to your mind, was largely upon the fact that these friar lands were paid for by, or in other words the payment therefor was guaranteed by, the Filipinos, and therefore, if they were responsible for the payment of those lands, they should to some extent have control as to the management of the property for which they were responsible. Was not that a motive on the part of the Philippine Legislature to enlarge——

Mr. GARRETT. Oh, well, of course we do not know what the motive of the Philippine Legislature was.

Col. McINTYRE. The published reports said that that was the case.

Mr. FORNES. That is my view of it.

Mr. MARTIN. I want to say that the most obscure testimony of this entire investigation is just what occurred between all the parties who have testified as to the information Mr. Hammond got from you at the Bureau of Insular Affairs, and what he said about that to his clients, and to the attorney whom he brought into the case. It does not seem possible to get a clear, definite statement about the matter. You state here, though, in your letter to Mr. Hammond of October 22, 1909:

In any case, I am satisfied that I gave you the impression that the limitations of the act of Congress relating to the public lands had been extended to the friar estates.

Col. McINTYRE. Yes, and if you will read the cablegram just before, you will see exactly why I gained that impression. They cabled from Manila distinctly that we had told Hammond that, and in writing to him I said at any rate he must have gotten that impression; otherwise, it certainly would not have gone to Manila.

Mr. MARTIN. Yes.

Col. McINTYRE. I believed at the time I wrote that letter that he must have gotten that impression. If you will see my letter of September 27 you will see that we distinctly had no such idea.

Mr. MARTIN. Do you mean to say, now, Colonel, that you did not give him that impression?

Col. McINTYRE. No. No, I could not say that, further than from his own testimony. I know what I thought, as I have stated. It is all of record, exactly what I understood I had stated to Mr. Hammond. When the cablegram from Manila was received, saying "Hammond has been informed in the Bureau of Insular Affairs that these limitations apply," I immediately sat down and said, "I am satisfied that I must have given you the impression that these limitations applied. I desire to correct that." I did so, though I really supposed that Mr. Hammond was no longer interested in the matter. As I was the only man he had seen, if he got that information in the Bureau of Insular Affairs he got it from me, and if his impression was wrong, I wished to remove it.

Mr. MARTIN. You knew whom Mr. Hammond represented; what law firm?

Col. McINTYRE. I knew. He told me, and in addition to that, of course, previous correspondence had been on the letter head of this firm. I did not know Mr. Hammond; no, sir.

Mr. MARTIN. And you knew what Mr. Havemeyer's and Mr. Welch's business connections were?

Col. McINTYRE. In a general way, yes; but I did not know——

Mr. MARTIN. Did you not know in a general way also, Colonel, that the Government was seeking to institute both civil and criminal actions against them?

The CHAIRMAN. You need not answer that. We will not go into that question. That has nothing to do with the sale of friar lands in the Philippine Islands.

Mr. GARRETT. Mr. Chairman, how long are we going on?

The CHAIRMAN. I suppose we are nearly through with this witness. I thought we might finish up with him.

Mr. GARRETT. I will leave you here without a quorum in a few minutes.

The CHAIRMAN. Are you nearly through, Mr. Martin?

Mr. MARTIN. I do not believe I care to ask him any more questions.

The CHAIRMAN. Mr. Martin states that he is about through.

Mr. MARTIN. I do not believe I care to ask him anything more.

The CHAIRMAN. That is all, then, Colonel, unless the committee has some questions to ask.

Mr. MARTIN. Just one further question.

The CHAIRMAN. Let me ask one, before I forget it.

Mr. MARTIN. All right.

The CHAIRMAN. There was something stated about a cablegram which, in some statement by Mr. Martin or somebody else, had not been given in full. The full cablegram was handed in by Mr. Martin.

Col. McINTYRE. Yes; in the speech of Mr. Martin. All after the words "Yes; organized in New Jersey" had been omitted. Now, had that cablegram been a distinct "Yes" to our inquiry, there might have been some room for saying that I had not answered a question of this committee with full candor.

The CHAIRMAN. I do not wish to take up time. Will you just insert here that full cablegram, and then put it in the way you say it was given? The full cablegram was here. You state that all after the words "Yes; organized in New Jersey" was omitted?

Col. McINTYRE. Yes; all after that was omitted.

MARCH 30, 1910.

To FORBES, *Manila*:

Is there a Mindoro Development Co. authorized to do business in the Philippine Islands? If so, when and where was the company organized and what is the nature of its business?

EDWARDS.

APRIL 9, 1910.

SECRETARY OF WAR, *Washington*:

Referring to telegram from your office of 30th ultimo, Mindoro Development Co.; yes. Organized in New Jersey, probably this year. Business, production and the sale of sugar and various other agricultural products.

FORBES.

Mr. MARTIN. With reference to the Tala estate, your letter of April 14 contains this statement:

That the last report of the bureau of lands shows the area of this estate to be 6,696 hectares, of which 80 per cent is estimated as occupied.

Col. McINTYRE. Yes; that was just before——

Mr. MARTIN. What report was that?

Col. McINTYRE. I take it that that was the report which was at that time in type.

Mr. MARTIN. That would be the report for 1909?

Col. McINTYRE. That would be the report for 1909.

Mr. MARTIN. And would deal with the condition of that estate for the preceding year?

Col. McINTYRE. It would be, presumably, of June 30, 1909.

Mr. MARTIN. Yes; and would extend back to July 1, 1908?

Col. McINTYRE. No; not necessarily. You see, that would probably be taken from the last table they published. The table is there, and you will see that we took that simply from the report. We simply took the report and took the percentage as they stated it, of occupied and unoccupied land.

Mr. MARTIN. It is stated there that 80 per cent is estimated as occupied.

Col. McINTYRE. Yes. Of course you understand we had no first-hand information other than the report.

Mr. MARTIN. Where did you get the occupied?

Col. McINTYRE. We simply copied it from the reports.

Mr. MARTIN. Eighty per cent occupied. Now, Capt. Sleeper stated in his testimony at page 268, and I think it was stated elsewhere as well, that at the time of the Carpenter lease, which was April 20, 1908—

Col. McINTYRE. Yes.

Mr. MARTIN (continuing). Only 20 per cent of the estate was occupied; but I do not understand that there has been any such change in the conditions on that estate—

Col. McINTYRE. Well, yes; naturally—

Mr. MARTIN (continuing). As that.

Col. McINTYRE (continuing). Because they count what Mr. Carpenter leased; as soon as he began to pay for it, they called that occupied.

Mr. MARTIN. Yes.

Col. McINTYRE. And of course it did not mean that there was any such increase of population in there.

Mr. MARTIN. This statement of Capt. Sleeper indicates that at the time that lease was executed, April, 1908, the estate was only 20 per cent occupied.

Col. McINTYRE. Yes.

Mr. MARTIN. But your report is to the effect that the estate was 80 per cent occupied. Now, do you mean that that occupation was made up in large part by Mr. Carpenter's lease?

Col. McINTYRE. I rather think that must be the case. But, at any rate, the information was taken from what appears in that report.

Mr. MARTIN. What additional information did you have at this time, April 14, about the occupation of that estate? Did you not know by whom it was occupied?

Col. McINTYRE. No. I want to explain about that, that we knew Mr. Carpenter had leased a part of a friar estate, and we had seen, with reference to this Tala estate, what had been reported in previous annual reports, the nature of the lease, but we did not know positively that Mr. Carpenter was that tenant, or whether he was a tenant on a neighboring estate. I discussed the question with Mr. Quezon, who did not know, and I discussed it with Mr. Legarda, who thought that his lease might be on a neighboring estate, but he finally decided that he thought it was on the Tala estate.

Mr. MARTIN. When did you discuss this with Mr. Quezon?

Col. McINTYRE. Just about the time these inquiries were being made. I could not give you the date.

Mr. MARTIN. About the time you sent this report out?

Col. McINTYRE. I am not sure about that, but it was along in the period when Mr. Carpenter was first mentioned.

Mr. MARTIN. At that time, then, neither Mr. Legarda nor Mr. Quezon knew that Mr. Carpenter was the lessor of the Tala estate?

Col. McINTYRE. They were not positive it was on the Tala estate. They both knew that it was some friar land, and Mr. Legarda knew it was near Novaliches, because he explained to me that the former presidente of Novaliches was Mr. Carpenter's manager on the estate. He knew that it was either on the Tala estate or the Piedad. He knew that Mr. Carpenter had some land, but was not positive which piece of land it was.

Mr. MARTIN. You say that the reason that this law firm of Strong & Cadwallader was not mentioned during the progress of this controversy, and the fact that the names of the real purchasers were not disclosed had nothing to do with their personalities or interests, or connection with the administration, or anything of the sort?

Col. McINTYRE. The first is not a fair inference. Mr. Hammond was mentioned the first time his name came up, and we put a footnote in, in order that there might be no subsequent questions to explain about who Mr. Hammond was. You wondered a while ago why we did that. This would probably give you the idea of an answer. We did that to avoid that question. As soon as this came up, we showed who Mr. Hammond was.

Mr. MARTIN. It might have showed who Mr. Hammond was to some people; it would not to me. I never knew of him. I would not have known from what is stated here that he was a member of the firm of Strong & Cadwallader.

Col. McINTYRE. Does it not so state, and does it not state why he desired to withdraw from the case?

Mr. MARTIN (after further examination of document). Pardon me; it does.

Col. McINTYRE. Yes; we stated that as soon as his name appeared.

Mr. MARTIN. Well, I beg your pardon; it contains that statement.

Col. McINTYRE. Now, as to the other case, my own hesitation was due to the fact that Mr. de Gersdorff had told me that these men were making the investment. Now, I advised everyone that inquired in a proper way or who was entitled to the knowledge, but I did not think it was right to publish a man because his attorney had told me, possibly through friendly relations, that he was interested in an investment; and for all I knew, these gentlemen desired it to be private. They were entitled to have it so kept, I thought.

Mr. MARTIN. Did it occur to you at the time that this was a transaction of much importance?

Col. McINTYRE. I regarded the purchase of this estate as being of considerable importance. This friar-land investment has been one which we have considered as of exceeding importance, because we have at times felt that it would be impossible for the Government to get their money out of these lands, and it was a matter in which we were naturally very much interested, because the financial feature of

the case is one which has appealed strongly to the Bureau of Insular Affairs.

Mr. MARTIN. But did it not occur to you that it was a matter of very much greater importance as affecting the land policy of this Government in the Philippine Islands?

Col. McINTYRE. No.

Mr. MARTIN. And as establishing a precedent in the matter of the land holdings?

Col. McINTYRE. No; the precedent would be of very limited application. This sale rid us of practically one-third of the property which we regarded as a particular burden. The precedent could only apply to the remaining two-thirds. That was all there was. It was returning to private ownership land which had always been in private ownership and was putting the Government in a good position with reference to what had been generally regarded as a very bad investment. The precedent was of very limited application. It could be followed in the case of one or two more sales only.

Mr. MARTIN. That is all I care to ask.

The CHAIRMAN. That is all.

(Mr. Garrett moved that the committee adjourn to meet at the call of the chairman. The question was taken and the motion was agreed to, and at 5.30 o'clock p. m. the committee adjourned.)

At a meeting of the committee held February 18, 1911, the following resolution, offered by Mr. Rucker, was adopted, viz:

Resolved, That the document labeled "Friar Land Inquiry, Philippine Government;" also the letter of Secretary of War Dickinson submitting to Attorney General Wickersham the question in response to which his opinion already in evidence was rendered (unless the same already appears in the hearings); also all the sundry matters requested by Mr. Martin and now pending before the committee be admitted and printed with the hearings; that the voluminous statement of Mr. Worcester be excluded; and that the hearings be declared closed.

Pursuant to said resolution, the following documents are printed as part of the record of the hearings:

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**REPORT BY THE GOVERNOR-GENERAL
OF THE PHILIPPINE ISLANDS.**

INVESTIGATION OF INTERIOR DEPARTMENT OF PHILIPPINE GOVERNMENT.

REPORT BY THE GOVERNOR-GENERAL OF THE PHILIPPINE ISLANDS.

OFFICE OF THE GOVERNOR GENERAL
OF THE PHILIPPINE ISLANDS,
Manila, August 30, 1910.

MY DEAR MR. SECRETARY: In accordance with your inquiry as to the facts relating to the administration and sale of friar lands by the Philippine government, I beg to inform you that I have read with great care the speech of Mr. Martin, of Colorado, in regard to the administration of friar lands and other matters in the Philippine Islands, delivered in Congress on Monday, June 13, 1910. Mr. Martin has evidently studied the subject with a great deal of care and used a great deal of ingenuity to make the attitude of the insular government appear to be unreasonable and unjustifiable.

I take immediate and entire issue with Mr. Martin; in some instances as to his facts, which are distorted to appear discreditable when they are really otherwise, but mainly in regard to his conclusions, which I do not think he would have reached had he taken the trouble necessary to come out here and inform himself first-hand as to the matters with which he dealt.

There are eight millions of people in the Philippine Islands, potentially good laborers, and with the present sanitary methods for improving their physical condition, with the completion of the proposed improvements in the means of transportation and of the handling of freight at the larger commercial centers, with the suppression of the animal diseases which have been so disastrous, the success of the campaign against the destructive insects which have spoiled so many of the fair crops of the islands, and with the stimulus which will follow from the general registration of lands which is under contemplation, the completion of the systems of irrigation to insure the crops from drought and to give two crops a year where one is now obtained, with the better prices which come from the opening of the markets of the United States to the Philippines, there is not in my mind the shadow of doubt but that the one obstacle between the Philippine Islands and their becoming a modern and progressive people enjoying the advantages of civilization and those necessities of life and comforts which are usually to be found under the American flag is the lack of capital in the islands.

It is enough to make the heart bleed to see, as I have seen, these willing, faithful, kindly, docile, and industrious people toiling against almost insurmountable obstacles to get only a fraction of what should be theirs without the expenditure of nearly so much effort and strain. I have passed along roads where the incessant sound of the beating of the rice by wooden pestles could be heard resounding in dull tones as far as one could hear, these pestles of heavy wood sometimes being worked by little children who ought to be in school instead of assuming such burdens, the cruel part of this being that this work could be done with a fraction of the effort and cost by machinery were adequate transportation available and were mills erected and in operation within a reasonable distance. It is sad to think of the waste of human effort to-day existing throughout the Philippine Islands through the loss of sugar due to the fact that not one single modern sugar mill exists in this country and that an amount which the experts estimate equals 40 per cent, or almost half, of the amount of sugar in the cane, under the primitive methods of reduction now existing is allowed to go to waste, thus rendering the effort of the Filipino only one-half as effective as it would be were modern mills to be adopted.

In my inaugural address I showed a comparison between the industrial condition in the Philippine Islands and in the island of Hawaii, which I quote in full here:

Let us turn our attention to a few comparative figures. The total population of Hawaii is 198,000 people, or about one-fortieth part of the population of the Philippine Islands, now approximately 8,000,000. The total exports from Hawaii in 1907 were \$29,000,000; the total exports from the Philippine Islands for the same year were \$34,000,000. In other words, Hawaii produced for export approximately thirty-six times as much per capita as did the Philippine Islands.

This is not because their laborers are superior, as Hawaii has come here in search of laborers and reports that those few whom they have obtained are equal to their Japanese, Korean, and other laborers. Porto Rico has 1,000,000 people, or one-eighth the population of the Philippine Islands, and in 1907 its exports were \$27,000,000. Porto Rico evidently does not exercise the same degree of economy in the use of its labor as does Hawaii, for it produces only one-sixth as much per capita for export, and still Porto Rico exports six times as much per capita as do the people of the Philippine Islands. Were these Islands to produce for sale to other countries as much per capita as Porto Rico the total exports would be \$216,000,000. Were they to produce as much per capita as Hawaii the total exports would be \$1,179,000,000 a year.

The explanation of this lies in the fact that Hawaii has an abundance of capital, employs modern methods of cultivation and manufacture, modern freight-handling devices, and suitable and adequate steamship and railroad facilities. In other words, in Hawaii the work of the laborer counts, in the Philippines Islands it does not. No, it is not labor that is wanted here; it is capital.

It is not surprising that the beet-sugar interests of the United States, whose agency in attacking the administration of the Philippine Islands is so thinly veiled by the personality of Mr. Martin that no-

body is deceived as to the purpose of the attack, should endeavor to prevent Philippine competition with their money-making enterprises by endeavoring to get up public opinion in the United States against the sale of friar lands, or any other lands, to individuals or corporations. However, anybody really conversant with the affairs of the Philippine Islands and who understands the proper economic development of the country can readily see that the real advantage to the Filipino lies in having capital to turn his efforts into money instead of having them wasted in preparing a product that can not compete in the markets of the world with the products of other countries having the advantages of modern methods of production, manufacture, and transportation.

The Philippine Islands have to compete with Java, Sumatra, Borneo, the Straits Settlements, and all other tropical countries, in the market for rubber, coprax, hard woods, sugar, varnish, gums, gutta-percha, tobacco, shells, fisheries, rice, cotton, silk, and other products. The price at which these products can be sold in other countries is largely controlled by the cost of production of these commodities, and in those colonies and countries where the production is made under the most modern and favorable circumstances, where the means of transportation are improved and systematized, the manufacturers and producers can afford to pay their laborers a better price than they can in those countries where the cost of production is greater. The greater cost of production when primitive methods are used is usually accompanied by an inferior product, owing to the fact that machinery can usually be depended on to do better work than individuals in most of these industries and to give a more uniform and marketable result. Calculating, then, on a lower price for our product, the fact that we are using less economical methods indicates that the laborer must get less for his share of the work.

A study of the fundamental conditions of the Philippine Islands reveals the fact that the laborers here are living worse than laborers in Hawaii, for example, or in other places where production is made under more favorable conditions. The Philippine people do not have houses that are proof against the winds and rains which so frequently blow with great force throughout the islands. A particularly strong gale will sometimes leave hundreds of houses lying flat in its track, where, were the people properly housed, not a single house would suffer the slightest inconvenience from the force of air blowing against it. The Philippine people as a rule do not have enough good food to eat; they do not have bread and meat and are limited in their diet to rice and fish, with a certain amount of fruit and vegetables. The Philippine people do not have modern doctors or surgeons and medicines within reach of the great bulk of the population. The list of unfavorable conditions of life which the Filipinos are obliged to

undergo because they can not get employment which will yield them a greater return is a very long one, and the details of it would serve no particularly useful purpose. Anybody sufficiently interested to make the study can come here and see it with his own eyes.

For anybody to say that the introduction of capital here in order to change this condition and enable the Philippine Islands to compete favorably with other countries will militate to the economic disadvantage of the people is an absurdity too patent almost to need refutation. The first people who will benefit by the introduction of modern methods are the Filipinos themselves.

It is further an absurdity to assert that the coming of capital will injure the Filipino by crowding him down. You can not crowd a man down who is at the bottom. The minimum here is fixed by what nature will readily supply to primitive man who has not had an opportunity to know the better things of life and has not come to want them. It is not as in the United States, where a man is threatened with freezing, with lack of necessary shelter, with failure to get clothes, or with lack of food. The country here is not frozen one-half the year, but is capable of producing all the year round; and while civilized conditions, with the modern agencies which we hope to give the Filipinos, are not yet within their reach, and will not be until capital has come to supply them with means of bettering themselves, still the power of sustaining life, although a life that we should consider a very miserable one, is easily within the reach of every diligent person in the islands. A provincial governor recently told me that, the rice crop having failed, he had gone out among the people and urged them to plant corn and vegetables so that there should be no danger of their suffering for lack of food. With a failure of crops in the United States the season has gone by and famine is much more of a menace than it is here.

Given, then, that the soil will supply the Filipino with the meager necessities which he had hitherto known, and that the laws and freedom of movement are such that he can take possession of a few acres in almost any part of the 45,000,000 acres of public domain, elsewhere shown in this letter to be waiting for such occupation, it follows that a corporation or trust or combination of capital or an individual owning money desirous of entering into business here has got to compete not only with what the soil offers with such little expenditure of effort, but also with the inertia which leads people to continue living the kind of existence to which they have become accustomed because they do not know the advantages which flow from more favorable conditions of life, and with that peculiar love of his home, his family, his town, and the immediate surroundings to which he has become accustomed, which makes it extremely difficult to persuade any Filipino to change his place of residence.

As a matter of fact, the individual who has taken up a considerable part of the friar lands, namely, 55,000 acres, in Mindoro has offered and is offering Filipinos better conditions for their labor than I personally know of their being able to get in any other part of the islands outside of the large cities. For instance, he is offering 80 centavos a day and free houses and medical treatment for his laborers, while the prevailing rate of wages is from 40 to 50 centavos a day, without a house or medical service. So that this one individual will benefit those few Filipinos that he gets to work for him and put them among the most prosperous and comfortable people in the islands. If we take the number of laborers as one-fifth of the whole population, it means that we have a population of 1,600,000 laborers. The Mindoro purchaser will find employment for 3,000 of these. So that this means he will have succeeded in benefiting only an almost inconsiderable proportion of the population. I should personally like to see similar enterprises, either for this kind of industry or for others, started on hundreds of other unoccupied and waste tracts of land, in the hopes of benefiting a still larger proportion of the people of the islands.

It is not only, however, the man who labors on the plantation who derives benefit from a successful enterprise conducted here. Capital very seldom gets away with 10 per cent of the gross receipts. Manufacturing concerns usually get away with a good deal less. Something like 90 per cent of the receipts stay in the country. And if soil which for centuries has lain idle can be made to produce for the benefit of the human race several hundred thousand pesos a year, I personally do not grudge the small percentage which goes out as profit on the capital, but welcome the big percentage that goes into the hands of the laborers, the transportation companies, merchants, and tradespeople of the Philippine Islands. This fact is so patent to anybody who has taken five minutes to think the thing out that I am led irresistibly to the conclusion that the criticism leveled against the sale of the friar-lands estates to these people is not inspired by any real consideration for the welfare of the Filipinos, but is inspired by a lively sense of possible competition to interests in which the individual who presented the arguments, or the capitalists behind him who prepared them, may realize for some of their profits.

The facts in the case are that the object for which the lands were bought was the settlement of the agrarian question, as represented by Mr. Taft and other friends of the Philippine government who came and asked this legislation and got it.

After the purchase there were found to be 16,000 possible tenants occupying the land. The number of occupants has very greatly increased, as the government had signed up on July 1, 1910, 21,271 leases, in addition to sales certificates numbering 14,990, or a total of 36,261, of which 35,876 were issued to actual occupants.

The purchase of the large unoccupied estates from the friars was necessary, because the owners of the properties were not forced to sell and were driving a very hard bargain for the purchase of these lands and insisted on our taking all of those we took or none. The surveys were begun and the director of lands requested the commission to give him enough money to survey all the lands immediately, but this was not done by the commission, as it did not care at that time to increase the number of surveyors and the number of engineers sufficiently to survey all of them in one or two years, but instead appropriated a moderate sum of money and told the director of lands to take more time to it.

The survey of the unoccupied estates was a matter of lesser importance, both from the point of view of time and from the point of view of expenditure of money, than the survey of lands which were occupied by tenants, because all that was necessary to complete the surveys of the unoccupied estates was to make a survey showing the outside boundaries, a matter involving only a little time, and one which had to be done before the purchase was complete in order to fulfill the terms of the purchase contract, while to prepare surveys of the occupied lands involved measuring each parcel held by each individual, a matter requiring a very much greater time, as not only would it thus involve the outside boundaries of the estates as in the unoccupied ones but also the interior divisions to protect individual rights opposed by other individuals, in which case the claims of the individuals had to be heard and adjudicated before the final plans could be approved.

The Filipino is very strongly wedded to the place of his birth and bringing up. It is almost impossible to get him to move from one place to another. He clings to the soil he knows. This is true to a most remarkable extent.

The island of Cebu has nearly 700,000 people. It is small and, having a ridge of mountains through the center, has a comparatively small amount of soil available for cultivation. Within sight of this island on either side lie the great islands of Leyte, Mindano, Negros, and Bohol, all of which possess great areas of fertile and cultivable lands, needing a population; and yet it is almost impossible to induce the people of Cebu to cross the small intervening space of water and take up the rich lands merely waiting for people to place them in much better circumstances than those under which they are now living in their own little island.

When the government had purchased all the occupied lands and was making arrangements to lease to tenants, it was found that about 40 per cent of the total area of the lands were occupied and 60 per cent were unoccupied and uncultivated. It was natural that the occupied lands should be the most valuable ones, as land which is cultivated is

always more valuable than uncultivated land of the same class, and the figures showed that land to the value of 60 per cent of the total was occupied and 40 per cent, or approximately \$3,000,000 worth, of vacant, unoccupied, and uncultivated land had been purchased by the government, for some of which they had no sale, as the Filipinos have not yet become acquainted with the value of titles and can take up homesteads free of charge if they so desire. As a matter of fact, the court of land registration reports that there are about 2,250,000 parcels of land in the islands, of which only about 6,000 have, up to date, received titles from the government. The bulk of these people occupy their land by sufferance and because they have acquired a right to it by reason of use and cultivation, rather than through any title which they may hold, either from the American or Spanish Government. In view of the fact that all the public land thus held in these parcels does not exceed 20,000,000 acres, or, say, 27 per cent of the total acreage of the islands, it is evident to anybody that the Filipino is not going to come and pay the government a high price for land when he can, under the homestead act, settle on other vacant land for nothing, knowing, as he usually does, that there is an abundance of available land lying close to the place in which he is accustomed to live and from which it would be most difficult to move him.

Thus it became evident that the government was confronted with one of two alternatives—either to pay several millions of dollars from the treasury to extinguish the friar-lands bonds, or to sell these lands under some conditions which would attract purchasers. It was found that, not being in any sense public land, but being lands really held in trust by the Philippine government for the repayment of a loan for which they were security, and the interest on said loan being a public debt to the treasury, the duty devolved on the government to find some method of selling these lands, relieving the taxpayers of the islands of the necessity of paying interest and eventually the whole purchase money of the land. These lands are in no sense public domain and can not be so held. This was recognized in the railroad concession, which has the right to take public lands without reimbursement, but has to pay the government for what friar lands it takes for its rights of way; and it was necessary that this land be sold to redeem the bonds with which it was bought, it having been found that these lands were not in any sense public domain and not subject to the laws governing the same. The opinion of the Attorney General of the United States was received to the effect that these lands could be sold in larger units than that provided for the public domain. The government would have been negligent in the performance of its duty had it failed to avail itself of any opportunity to sell these lands to whatever purchasers offered who would reimburse the government for the cost of purchase, providing always that in no

way would the purchaser infringe upon the rights of any occupants of the land.

The success of the bureau of lands in putting these estates on the market is shown by the fact that leases and sales have been consummated for 72 per cent of the total area, representing a considerably greater per cent of the total cost, owing to the fact that the more valuable lands were the first to be taken up. Thus, although only 40 per cent of these lands were occupied at the time of purchase, something over 72 per cent now come under the category of occupied lands. That this has been done in the main by inducing small tenants to come in and take up land is evidenced by the fact that although 16,000 tenants were all that were found on the land, leases or sales to the number of 36,000 have been executed, an increase of 20,000.

I have never been able to find myself commiserating very greatly the hardship imposed on the Filipinos who are compelled to pay 4 per cent interest on the purchase price of their land and get it in 25 annual installments, which means that by paying the equivalent of 8 per cent interest a year they get their land without any further payments at all. In view of the fact that the rates for borrowing money in these islands in the past have ranged from 1 per cent a month up, often reaching 10 per cent a month, it will be readily seen that the terms upon which the Filipino is now obtaining his land are comparatively easy.

Taking the lowest rate within reach of the better class of Filipino before, namely, 12 per cent a year, he would be paying 50 per cent more annually on the same valuation than the tenant of the friar land is now paying, and at the end of 25 years he would be just as far from owning his land as he was in the beginning. These figures demonstrate in an incontrovertible manner the fact that, even though the valuation of the estates originally is somewhat high, still the fact that the credit of the government is pledged to secure the bonds with which the purchase was made, and the fact that these bonds run for a period of 30 years, gives the government a vantage point that enables it to offer terms much easier than are usually offered to tenants in the Philippine Islands, both from the point of view of annual payments and from the resultant interest in the property occupied and improved.

The sale of the Mindoro estate was a particularly fortunate sale. The government received the full cost of purchase, plus the cost of interest and surveys and a proportionate part of the administration of the friar-lands estates; so that by this means, and by this means only, could we hope to make ourselves whole for having paid a large sum of money for a large amount of unoccupied wild lands in an island in which unoccupied and wild lands were in great abundance and available to the extent of 40 times the acreage sold to this particular individual.

Personally I should like to see a contract for the sale of all these unoccupied friar lands entered into immediately with individuals or corporations. It is of very little interest to me whether the money to be spent in the development of these estates is derived from the operations of corporations engaged in the business of sugar in the United States or in the business of guano in Guatemala. So long as it is money and is to be spent here to benefit Filipinos—and if spent here, it can not fail to be of benefit to the Filipinos under the laws which exist regulating such matters—I care very little where the money comes from or how it was obtained. I never thought to inquire whether Mr. Poole represented sugar interests or shipping interests, nor is the matter, once learned, of so much importance that I care to remember it, so long as he goes in in good faith, pays his taxes, complies with the law, and puts up from time to time his purchase price of the estate, in order that we may repay our loan for the friar lands without calling on the Filipino people to go without lots of things of which they are in crying need in order to pay off these bonds when they become due.

In regard to the matter of employees of the government interesting themselves in enterprises in the Philippine Islands, the government has encouraged, rather than discouraged, the investment by employees of their money in the Philippine Islands. The rules have been laid down very strictly in the civil-service rules, and are as follows:

No officer or employee shall engage in any private business, vocation, or profession, or be connected with any commercial undertaking, or lend money on real or personal property, without written permission from the chief of the bureau or office in which he is serving, and of the governor general or proper head of department. As a general rule, in any enterprise which involves the taking of time, this prohibition will be absolute in the case of those officers and employees whose remuneration is fixed on the assumption that their entire time is at the disposal of the government; if granted permission to engage in a business requiring time of applicant copies must be furnished the director.

The investment by Mr. Carpenter in leasing of certain lands can not be subject to any possible criticism, unless that of diverting his time and attention from public affairs, as none of his administrative functions had anything whatever to do with the administration of the lands. He was not in position to influence in any way the management of the friar lands, the persons to whom they should be leased, or terms on which they should be leased. Such sales as were made were not subject to his approval, nor did they depend for their initiative upon any action on his part, the whole matter lying in the department of the interior, subject to the direction of Mr. Worcester, to whom the director of lands reported. Commissioner Worcester is a superior officer to Mr. Carpenter and reports directly to the governor general. Any attempt on the part of Mr. Carpenter to influence or interfere with the administration of the friar lands would have been justly resented by Mr. Worcester as an unjustifiable intrusion, and as a matter

of fact no such intrusion ever was known to take place. As to the question of use of his time, I can testify personally that no man in the government service has been more faithful to his work than Mr. Carpenter or served longer or more arduous hours. When I assumed the position of governor general I was really alarmed for his health owing to overwork, and encountered some difficulty in making him let up.

The kind of thing which this government frowns upon is, for example, for the collector of customs to be interested in any shipping or importing concerns; for the purchasing agent to be interested in any commercial enterprise with which he has dealings; for the director of lands to be interested in any lands over which he has administrative jurisdiction of any kind; or for the secretary of the interior to hold any such interests.

I have personally discouraged any American on the commission from having any financial interest in any enterprise in the Philippine Islands which was likely to be affected by legislation upon which he should be called upon to vote. It is, however, always possible for officers to state the fact that they are interested in one or other enterprise and refuse to vote. This, I believe, is common practice with the judiciary and with legislators in all parts of the world.

On the other hand, our Filipino commissioners have been men of property and means, and some of them with fairly important interests; and it is well that we should have men of that standing and responsibility on the commission. The rule has not been made to apply to Filipinos with the same force that it did to Americans.

As time goes on and more Americans engage in enterprises here, it is likely that members of the commission will be selected of men who have interests allied to the country, and I see no reason why this practice should be frowned upon.

Commissioner Branagan had invested considerable sums of money in mining enterprises, a fact which he communicated in writing to the appointing power, before he was appointed commissioner, and still has those interests, which it would be a personal sacrifice to him to give up, and there is no reason why he should undergo such sacrifice. If any question arises in which his vote is likely to be influenced by his ownership of an interest in these mines, Mr. Branagan will do what any other honest legislator would do—decline to vote, stating his reasons. Mr. Worcester has acquired, through the award of the courts from libel upon him by one of the newspapers, the ownership of a paper which has gone out of existence, and some of the previous owners of the paper have been required to pay him damages. It is possible that he has a contingent interest in the property of some of these men who are liable to pay him the damages. He also owns his house and a small plot of ground in Baguio and \$1,000 interest in a tobacco factory, taken in liquidation of a debt, with the previous approval of the governor general. Other commissioners own their

residences in which they live. I own a lot of 12 acres in Baguio, on which I have built a house which, before taking up the position of governor general I used to live in. I had no expectation of being governor general, and for that reason built myself this house, which I loaned to the speaker of the assembly for use last summer when the legislature was in session.

I also caused to be purchased and put into the hands of trustees in such a way that I can not get any possible profit from it, a tract of land south of Manila, on which I have caused to be built a country club, for my personal entertainment and those of my friends in Manila who like to participate in the kind of sports provided at that club.

The question of what real-estate interests were held by commissioners was raised some years ago by some doubting person in Congress, and the following cablegrams in regard to the matter show the condition of affairs which existed then—a condition which I believe continues to exist, except as here shown.

[Cablegram received.]

WASHINGTON, *January 18, 1906.*

IDE, *Manila:*

Senate passed the following resolution:

"*Resolved*, That the Secretary of War be, and is hereby, directed to inform the Senate whether any member of the Philippine Commission, or any officer of the Army, or United States Navy, directly or indirectly owned December 1, 1905, or now owns any lands in the Philippine Islands, or had at that time, or has now, any right or interest in such lands of any character, and if so, to inform the Senate what such ownership, right, or interest is, where the land is situated, particularly with reference to the location of the proposed railroads, in said islands and who said officers are."

I desire a statement from each commissioner as to what, if any, lands he owned in the Philippines December 1, 1905, or now owns, or options to buy land, and if so, to state where the lands are located, especially with reference to the proposed railroads.

Taft.

[Cablegram sent.]

MANILA, *January 20, 1906.*

SECWAR, *Washington:*

Referring to telegram from your office of the 18th of January, we declare, each for himself, as follows:

I do not now own, and never have owned, any lands in the Philippine Islands, or any right to or interest in such lands of any character, directly or indirectly, or any options to buy land. This statement is absolute and entirely sweeping in character for myself, as well as for each member of my family.

IDE.
WORCESTER.
SMITH.

[Cablegram sent.]

MANILA, January 20, 1906.

SECOWAR, Washington:

I state that I own no lands, interest in lands, or option thereon in the Philippine Islands, except in the province of Occidental Negros. In that province I own lands in the municipality of Bacolod, which I have owned more than 30 years. I do not know whether any proposed new railroad will pass by any part of my land in that municipality. I own another hacienda in the municipality of Ilog, south of Himamailan not near any projected railroad. This land was taken last year under mortgage given more than 10 years ago. Otherwise than as above stated I do not, directly or indirectly, own nor have any interest in or option for the purchase of any lands in the Philippine Islands.

LUZURIAGA.

[Cablegram sent.]

MANILA, January 20, 1906.

SECOWAR, Washington:

I own 1,100 hectares of nipa swamp land in the province of Pampanga, 30 miles west of San Fernando railroad station. Have owned said land for 12 years. Own land in Manila, a little of which extends into the province of Rizal. It is agricultural land acquired in 1901. I also own residence and business property in Manila. My family own a tract of land just outside Manila city limits and have owned it for more than a century. I own a small piece of property between Pasig and Marikina. None of my property, so far as I know, will be affected by any proposed new railroad lines. I have, indirectly or directly, no interest in, right to, or option for the purchase of any lands in the Philippine Islands, except as above stated.

LEGARDA.

[Cablegram sent.]

MANILA, January 20, 1906.

SECOWAR, Washington:

I own 600 hectares 25 kilometers west of present railroad station at Tarlac, province of Tarlac, and 100 hectares 10 kilometers east of same station. In province of Pampanga 100 hectares in the municipality of Magalan, about 15 kilometers from the present railroad station at Angeles, and 100 hectares in Florida Blanca, 30 kilometers west of Guagua. In province of Rizal I own 6½ hectares in the municipality of Taytay traversed by existing Antipolo railroad. I own real estate in Manila. None of my land, so far as I know, will be affected by any proposed new railroad lines. Lands in Tarlac and Pampanga acquired in 1901. I have, directly or indirectly, no interest in, right to, or option for the purchase of any lands in the Philippine Islands, except as above stated.

TAVERA.

In reading Mr. Martin's speech, a person not conversant with the facts is led to believe that Mr. Worcester's relative has taken some of the "friar" lands, which is untrue; and the fact that the charge is so worded as to give that impression without a direct misstatement of fact indicates on the part of Mr. Martin a considerable ingenuity in making truths lie.

His conclusion, however, that Mr. Worcester is guilty of malfeasance of office because a relative of his did what any other citizen of the United States had a right to do, and which Mr. Worcester could not legally refuse him the right to do if he requested the same as a citizen of the United States, is so palpably unjust and indefensible that it does not commend itself to fair-minded men. Young Mr. Worcester was a citizen of the United States and Mr. Worcester had no more right to refuse him a lease of public lands in the Philippine Islands than he would have to any other citizen of the United States or of the Philippine Islands. Young Mr. Worcester requested no special privileges, asked for no favors, and took the public lands on the terms provided for in the law and upon the same terms which would be accorded to Mr. Martin or to anybody else coming to the islands and undertaking to engage in business. These laws were prepared by Congress, and until changed by Congress this government will give to citizens of the United States, whether they are relatives of commissioners or anybody else, all privileges to which American citizens are entitled under the law.

It seems impossible that a man clever enough to write an article like this—if, indeed, it were written by Mr. Martin—is not clever enough to see that there is a great difference between cultivated lands and uncultivated lands. In the Tala estate, the unoccupied part of which was leased to Mr. Carpenter at a lower price than the occupied parts were leased to occupants, Mr. Carpenter had to expend a very large amount of money to clear and prepare for cultivation, and as a matter of fact he has caused a great many Filipinos to take up land there who would not have otherwise, and his business negotiation made the Tala deal a success. His work has been an unqualified benefit to the Filipinos and nobody has in any way suffered.

Mr. Martin charges the government with maladministration in regard to the guarantee of interest on bonds of railroad and cites the reconnaissance survey made by two engineers as to the cost of one of the proposed lines, from which he calculates that the railroads ought to cost \$15,000 a mile. The whole basis of his criticism against the administration of the railroad matter lies in the fact that the road cost too much. To prove this he takes the first uncompleted section of Panay, which was made unusually large by the fact that included in it was the cost of the Iloilo terminals, which, by the way, contain the main machine shops for both the Iloilo and Cebu lines and for the projected, but not yet constructed, Negros lines.

It is true that experience has shown that the construction of these lines is very much more expensive than was expected and hoped. The government, however, has taken every precaution to make sure that every dollar spent was well spent. We have employed a high-priced, competent railroad expert from the United States to oversee

their construction, and the auditing department of the government, in competent hands, has audited every voucher. The construction of the railroad has been thoroughly supervised. At no point that we know of could we have saved considerable amounts except at the expense of type of construction. With the \$15,000 a mile, which Mr. Martin claims should be the cost of the line, it is not probable that a single yard of first-rate railroad could be built in these islands.

The single matter of caring for the flood waters is one of fearful expense. Rainfall in the Philippine Islands amounts to a total unknown in any part of the United States; in the island of Panay, at Capiz, 110 inches of rain falls a year and 10 inches in a day is not unknown. The rivers rise to a degree not at all to be expected from the size of the watershed and the size and cost of construction of bridges and trestles is correspondingly enhanced. An example of this is shown in the Mabusao River, which has a mean width of 125 feet in normal times. Bridges and trestles for this river at flood having a width of 1,120 feet have been put in, and on my recent visit to Panay I received a petition from neighboring towns for a bridge of 1,800 meters, or 5,904 feet, or 1 mile and 624 feet long, as they claimed that the existence of the embankments there and the flow of water back damaged their crop.

Mr. Martin lays himself open to a very direct charge of falsehood in his statement of the nature of the country of Panay. The work in northern Panay was extremely heavy and for a considerable distance amounted to 45,900 cubic yards moved per mile and at a cost of \$13,770 per mile for grading only.

Proof of the insufficiency of Mr. Martin's figures is found in the figures of cost of construction of the new lines of the Manila Railroad Co., not being built under government guaranty. The branch lines of this road, for the construction of which rails taken up in relaying the main line were used, where the work was done in the most economical manner possible, namely, contracting with neighboring property owners to move certain amounts of earth, taking their own time for it, which they did in the spare moments of their labors, at times when crops were not being planted or harvested, and which resulted in getting the earthwork done at a fraction of the cost which it would take to push the work right through, where the supervision of the operating lines was sufficient to care for the administration work of the new construction and where the terminals were all complete and had not to be in any way duplicated, construction reached a total cost of about \$30,000 a mile.

The high cost of the construction of the lines in Cebu and Panay have been extremely discouraging, not only to the government but also to the railroad people who undertook the contract to build, but this increased cost is not four times what the road should have cost, as Mr. Martin maliciously endeavors to make one believe, but

it is 40 per cent or 50 per cent more. The \$67,000 a mile which Mr. Martin gives for the line in Panay is now reduced with the opening last week of the railroad through to Capiz, or, in other words, all the line it is now proposed to construct in Panay, to a total of \$64,000 per mile, this latter part including the opening of that part of the line on which the earthwork was heaviest. This also includes the contractors' profit of 15½ per cent, which amounts, at \$64,000, to \$9,900 per mile. Mr. Martin states that this profit was to be added to the amount of \$67,000 which he mentions, but this is not so.

Mr. Martin further quotes Mr. Taft's report to Congress that English and Belgian capital was willing to build roads without guaranty. Mr. Taft did not, however, say, nor did he intimate anywhere, that English and Belgian capital was willing to undertake the construction of all the roads. He merely repeated that they were willing to undertake some of them. The fact that the reports quoted by Mr. Martin clearly showed that 425 miles of new construction was undertaken by this capital without guaranty shows that Mr. Taft's statement was correct. The fact, however, that the government had to give guaranty in order to induce capital to undertake less attractive parts of the line shows that the guaranty was necessary if the Philippine people were to benefit by having the amount of railroad which they ought to have, and personally I should be perfectly willing, in spite of the disappointment occasioned by the unexpected high cost of the construction in these islands, to enter into further contracts with guaranty and continue the same process in order to insure the construction of further necessary lines, as, for example, the line from San Fernando, La Union, to Laoag, Ilocos Norte, although this line would be more expensive than any yet constructed, owing to the nature and size of the rivers to be crossed.

The Filipinos are very keenly alive to the value of railroads, and I am constantly in receipt of petitions from Filipinos for extension of railroad lines to their territory. The delay of the Philippine Railway Co. in beginning the construction of the line in Negros, in the construction of which they have been discouraged by the very great expense incurred in the other two islands, has been the cause of very sharp criticism on the part of the inhabitants of that island.

I never visit the peninsula at the south of Luzon known as Albay without receiving most bitter complaint from the inhabitants there, both Americans and Filipinos, owing to the fact that the railroad has not yet begun active construction into their province. The railroad is strictly complying with its concession, but is leaving that construction for the end—a thing they have the right to do under their concession.

In the Ilocos country people are keen to get railroads. The Philippine official is thus doomed to harsh criticism on the part of representatives of Congress for giving the Philippine people railroads on

the best terms we can get them built, and from the Filipinos for not giving them railroads enough.

Mr. Martin undertakes to criticize the fact that bonds were issued against the terminals as constructed and that a portion was not held up, to be paid for as other sections of the line were opened. If he had carefully read the law and concession he would see that we had to guarantee interest on bonds on actual construction as completed. The fact that the work upon the yards and terminals was actually completed entitled the railroad to issue bonds. The government could not in good faith hold them up. It would have been foolish for the railroad to have built them more slowly, as they had to work from their terminals, and to work from uncompleted terminals would have been more expensive than from completed ones.

Mr. Martin also criticizes the fact that bonds have been issued upon lines "preliminarily" completed. That the government has not lost anything on this process is shown by the fact that these same lines are now nearly finally completed, bridges and culverts are of permanent materials, and road thoroughly ballasted. The first issue is allowed when the railroad is safe for operation in the opinion of the railroad people and of the government expert. The fact that the railroad has operated without a single serious accident over these preliminarily completed lines shows that they were completed to a point that justified the action of the government.

If Mr. Martin wants to be fair, all he has to do is to take the cost of construction in the United States and other countries, or in other tropical countries, taking pains to select those countries where forced labor does not prevail in order to get a fair comparison, and he will find not only that no railroad is ever built, with terminals, yards, concrete stations, bridges, etc., for \$15,000 a mile, but it would be extremely difficult for him to find any such line completed at a cost of \$30,000 a mile, and if he has found such line it is probable that he has not found absolutely first-class construction, standard as to width of cuts, width of fills, depth of ballast, weight of rails, quality of ties, etc. All of these things in the railroads of the Philippine Islands are first class, indicating that the cost of maintenance will be low.

Mr. Martin cavils at the railroad having used Philippine ties instead of using imported ones from Australia creosoted. He perhaps may be, but ought not to be, ignorant of the fact that the Philippine woods are the finest in the world, that woods of the first group are immensely durable and extremely hard and expensive to get, probably costing a great deal more than Australian ties where the means of production are usually the better, but although more costly in the beginning they are apt to be more economical in the long run, owing to their durability.

Speaking broadly, the government has made an excellent trade on the railroad deal. I do not know a single thing in Mr. Taft's enlightened administration of the islands more creditable than the effort to induce railroad capital to come, and the terms upon which it was finally prevailed to enter upon construction in the islands and the result of giving millions of Philippine people adequate means of transportation who had never known the advantages which arise from such privileges was one which redounds to the credit of the people who arranged for it and to the American administration of the islands. Even now the increased business along the lines shows the result of the stimulus. The figures in Luzon of the business of the Manila-Dagupan Railroad are inspiring as evidences of a coming power and growth among the Philippine people. The Visayan Islands, where the construction is more recent and the people are more near the beginning, have not yet blossomed to the fullness which it is confidently expected they will, but even here increases have averaged in Cebu 52 per cent annually in the two years of operation. In Panay it is too early to say, because the line was only opened there to its northern terminal last week.

I inclose herewith report by the Secretary of the Interior and the Executive Secretary. To this latter document I have added as an exhibit a letter from the Hon. Manuel Quezon to the Secretary of War.

Very respectfully,

W. CAMERON FORBES,
Governor General.

HON. JACOB M. DICKINSON,
Secretary of War, Manila, P. I.

**REPORT BY DEAN C. WORCESTER,
SECRETARY OF THE INTERIOR.**

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REPORT OF DEAN C. WORCESTER, SECRETARY OF THE INTERIOR.

THE GOVERNMENT OF THE PHILIPPINE ISLANDS,
DEPARTMENT OF THE INTERIOR,
Manila, August 29, 1910.

SIR: In accordance with your request, I have the honor to submit the following report relative to the charges reflecting upon the conduct of the affairs of the department of the interior and of the bureau of lands, made by Representative John A. Martin, of Colorado, in his speech entitled "Exploiting the Philippines," delivered on June 13, 1910.

The use made by Representative Martin of extracts from government reports and public documents reminds me very forcibly of the use made of Holy Scripture by the New England clergyman who, in the days when it was customary for a preacher to take a tot of rum before entering the pulpit on the Sabbath, got a drop too much and delivered an eloquent sermon on the text, "And Judas went and hanged himself. Go thou and do likewise!"

In other words, Representative Martin, by the quotation and misinterpretation of passages which suited his purpose, and by the suppression of passages which if quoted would have made his contentions ridiculous, has succeeded in presenting an utterly misleading picture of the policy of the Philippine government relative to the disposal of friar lands. As an instance in point, I cite the following:

The Philippine interior department (American) has fixed 100 pesos, that is, 100 Philippine dollars, as the minimum sale price of land, regardless of quantity. As that is more money than most of the little brown brothers ever saw at one time, the result has not been conducive to land ownership. It affords a partial explanation for the fact that up to June 30, 1908, but 675 Filipinos had acquired title to land under American occupation, and of the further fact that of the 60,000 tenant families on these lands at the time of their purchase not more than 20,000 remain.

There is absolutely no limitation upon the size of the tract of friar land which an occupant may lease or purchase. The administrative limitation which, for a good and sufficient reason, hereinafter explained, has been adopted to prevent the purchase of excessively small tracts of land by the imposition of a very high price on such

tracts is applicable to public lands only, as distinguished from friar lands. He has himself quoted in full the administrative regulation in question, yet he here misinterprets it and creates the belief that occupants have left friar estates because they were charged excessive prices for their small holdings.

As an instance of the suppression of public records, I cite the following:

LEASING FRIAR-LANDS ESTATES.

It appears that while the sales have been a negligible quantity, over 100,000 acres of these lands have been leased to 20,000 tenants, at an average rental of \$1.30 per acre per year. This is the annual rental per acre which "our wards" have to pay and by the payment they acquire no interest in or any title to the lands upon which they live.

Section 11 of the friar-lands act reads:

SEC. 11. Should any person who is the actual and bona fide settler upon and occupant of any portion of said lands at the time the same is conveyed to the government of the Philippine Islands, desire to purchase the land so occupied by him, he shall be entitled to do so at the actual cost thereof to the government, and shall be allowed 10 years from the date to purchase within which to pay for the same in equal annual installments, if he so desires, all deferred payments to bear interest at the rate of 4 per cent per annum.

Section 13 contains the following proviso:

And provided further, That the chief of the bureau of public lands in his discretion may require of any settler and occupant so desiring to purchase that, pending the investigation requisite to fix the precise extent of his holding and its cost, he shall attorn to the government as its tenant and pay a reasonable rent for the use of his holding; but no such lease shall be for a longer term than three years, and refusal on the part of any settler and occupant so desiring to purchase to execute a lease pending such investigation shall be treated as a refusal either to lease or to purchase, and the chief of the bureau of public lands shall proceed to oust him as in this act provided.

In actual practice it has been assumed that all tenants on friar lands desired to purchase their holdings, and the leases which have been issued to tenants have been issued under the proviso just quoted, and therefore in themselves convey the right of purchase. In our administrative procedure we invariable recognize this preferential right. Tenants are well aware of the fact that they possess it, and in many instances such right has been sold for cash.

Representative Martin had presumably read the whole friar-lands act, as he quoted from it such passages as suit his purpose; and he could hardly have been in ignorance of the facts. The last sentence in the passage quoted from his speech involves an additional and still more gross suppression of a vital part of the record. Under paragraph 6 of regulations approved by me on May 14, 1906, and published on page 139 in the Report of the Philippine Commission, Part 2, 1906, every cent of rental paid on any given piece of land is considered as a part payment of the purchase price, and is de-

ducted therefrom at the time the final charge is fixed. In view of these facts, how shall I characterize Representative Martin's statement above quoted? And what is to be said relative to the following statement?

The fact that the Philippine government has executed over 20,000 leases and only 446 sales certificates on friar lands causes one to wonder if this result does not come from the adoption of a definite plan not to sell these friar lands in small tracts to tenants, but to hold them for other purposes.

Not content with the damaging record he has thus made against himself, Representative Martin makes the following incorrect statement:

That the policy pursued by the Philippine government in dealing with these natives is the same disastrous leasing policy that was pursued by the friars, and which policy it was stated was largely responsible for all the insurrections which occurred from 1870 to American occupation.

The policy of the friars was to rent their lands to Filipino occupants. There was no possible way in which occupants could obtain title to their holdings. As above shown, the right to purchase their holdings has, by the Philippine government, been conferred by law upon occupants of friar estates. On July 1, 1910, 14,952 of them had already bought, the aggregate area purchased being 63,185 acres. The remaining occupants, 20,924 in number, held leases covering 82,755 acres, and have the right to purchase their holdings.

I regret the necessity of calling your attention to the further fact that, to this misuse of public documents and records, Representative Martin has added false statements unsupported by a shred of evidence. Take, for instance, the following charge:

That after appropriating ₱100,000 of the public funds to loan to agriculturists who had lost everything and were unable to put in their crops, rules and regulations were issued whereby these loans could be made only for the purpose of cultivating sugar cane in certain restricted areas where the tenants were compelled to furnish the cane to certain mills located on the estates which had been taken possession of by the Manila Railway Co., the Speyer Syndicate, of New York.

The Manila Railway Co. has never taken possession of any friar estate, or part thereof, except a right of way 30 meters wide over certain of the estates near Manila, and a very small additional amount of land for station yards and ballast pits, the total area occupied being 423.08 acres. This land was purchased at the price fixed by law. This company has neither purchased nor leased any other friar lands from the government. Mr. Horace L. Higgins, the president of the company, states (see Exhibit J) that it has no interest direct or indirect in any other friar lands, and that it has no interest direct or indirect in any sugar mills.

The tenants on the estates in question mill their own sugar, using for the purpose machinery so out of date that "antiquated" is the

only adjective which properly describes it. No requirement as to the milling of cane has ever been imposed on any tenant, nor has any suggestion on the subject been made. Far from having compelled tenants to take their cane to the imaginary mills of a syndicate, the bureau of lands has assisted Señor Pedro Perlas, a tenant on the Santa Rosa estate, to purchase a mill of his own by loaning him the necessary money.

Your attention is also invited to the fact that although Representative Martin's speech was delivered on June 13, 1910, the figures which he cites as to the number of leases and sales made and as to the progress of surveys on the several estates are those for the year ending July 1, 1908. In other words, he is nearly two years behind the times in his facts regarding these matters. There is no excuse for this. A report of the director of lands giving full information concerning the friar lands up to July 1, 1909, was on file in Washington, and additional information bringing the facts up to date would gladly have been furnished had it been requested.

But this was apparently not what Representative Martin wanted. On the contrary, he constantly refers to conditions which existed on July 1, 1908, as if they were the conditions existing at the time of his speech.

An absolutely conclusive reply to his contentions concerning the friar-land policy of the insular government is afforded by the logic of events. His fear that all occupants of friar lands are to be dispossessed to the end that such lands may be made available for exploitation, and his specific statement that—

If, though delayed, the intent and purpose of Congress finally is to be respected, and the Filipino tenants are to acquire the friar lands in small parcels, unless the speed with which they have been allowed to do so during the past 4½ years be accelerated, it will be 1,100 years before the last parcel will have been disposed of—

become grotesque when it is recalled that all bona fide occupants on friar estates have now either purchased their holdings, or taken out leases which give them the preferential right to do so; that 18 friar estates have been offered for sale; that the 5 remaining estates will be offered for sale on or before December 1, 1910; and that if every occupant of friar lands has not purchased his holdings prior to January 1, 1911, it will be his own fault.

These facts destroy Representative Martin's contentions relative to the policy of the insular government in the matter of the leasing and sale to occupants of their holdings on the friar-land estates and make waste paper of the pages of his speech devoted to the discussion of these subjects.

Representative Martin's speech contains very numerous repetitions. He seems unable to formulate a charge, cite his evidence, and dispose of a subject, but drops it only to take it up again and again. In the interest of logic and brevity I have endeavored to group such of his

statements as it is necessary to quote, and to state the facts, under the following headings:

The charge that the President of the United States, the Secretary of War, the Chief of the Bureau of Insular Affairs, and others have been parties to a conspiracy to open up the friar lands for exploitation by the Sugar Trust.

The charge that there has been improper sale and lease of friar lands to a relative of the Philippine secretary of the interior.

History of the sale of the San Jose friar estate.

The charge that the opinion of the Attorney General of the United States relative to the power of the Philippine government to sell unoccupied friar lands in large tracts was anticipated in the Philippine Islands.

The charge that the sale of the San Jose friar estate was illegal.

The sale of the San Jose friar estate in the public interest.

The economic importance of promptly selling unoccupied friar lands.

The Mindoro Development Co.

The charge that survey work on the San Jose and Isabela friar estates was rushed to facilitate exploitation and that survey work on thickly settled estates has been unduly delayed.

The charge that the sale of the San Jose estate has been followed by similar friar-land sales and that all friar lands are involved in a gigantic plan of exploitation.

Charges in connection with the alleged sale of the Calamba estate.

The charge that there is a scheme on foot for dispossessing native tenants on friar lands and that legislation has been passed to the end that this may be done.

The charge that the number of leases of friar lands and of tenants on such lands have decreased on account of excessive rentals.

The charge that the occupants of friar estates have been hindered in the purchase of their holdings.

The charges against the executive secretary, Mr. Frank W. Carpenter; the secretary of the interior; and the director of lands in connection with the leasing and sale of the Tala estate.

The charge that the Philippine secretary of the interior has improperly approved the leasing of a tract of public land to his nephew and has thus been guilty of corrupt and immoral conduct and of malfeasance in office.

The charge that funds appropriated by act No. 1736 of the Philippine Legislature have been used to stimulate the cultivation of sugar cane on estates taken possession of by the Manila Railway Co., the Speyer Syndicate, of New York.

The charge that natives have been prevented from purchasing public lands.

The charge that there has been an attempt at a public-land grab.

The charge that the friar-land policy of the Philippine government has been a complete failure.

An investigation on the ground requested.

I will now take up each of these matters in detail.

THE CHARGE THAT THE PRESIDENT OF THE UNITED STATES, THE SECRETARY OF WAR, THE CHIEF OF THE BUREAU OF INSULAR AFFAIRS, AND OTHERS HAVE BEEN PARTIES TO A CONSPIRACY TO OPEN UP THE FRIAR LANDS FOR EXPLOITATION BY THE SUGAR TRUST.

I quote from Mr. Martin's speech the following extracts from his very voluminous statements on this general subject:

THE DRAMATIS PERSONÆ.

At this juncture the narrative may be illuminated with a continuing light by the disclosure of the factors, official and otherwise, involved in this transaction. In Gen. Edwards's letter of January 28 he refers to "the attorney of the proposed purchaser" of the San Jose estate as having submitted to the Secretary of War the question whether the sale would be valid under the law, and in his letter of March 24 he refers, in support of the validity of the sale, "to the opinion of the very able attorney of the investor," omitting in both letters to mention the name of either attorney or whether these twain were one. The general resolution of inquiry sought to elicit information concerning these attorneys and their requests and opinions. The reply, being the letter of April 11, disclosed the fact that the attorney who asked whether the sale would be valid was named De Gersdorff and that the attorney who assured the War Department that the sale was valid was named De Gersdorff. In other words, Mr. De Gersdorff was the "attorney of the proposed purchaser" and the "very able attorney of the investor." But Mr. De Gersdorff, it further appeared in the letter, was only brought into the case to conclude the negotiations begun by Mr. John Henry Hammond, of the firm of Strong & Cadwalader, and is, therefore, only a minor character, a "supe," as it were, who holds the boards only to shade the spot light from larger figures.

These figures are William H. Taft, Henry W. Taft, George W. Wickersham, and Gen. Clarence R. Edwards.

Ever since 1900, first as President of the Philippine Commission, then as civil governor of the Philippine Islands, then as commissioner to Rome to negotiate for the purchase of the friar lands, and then as Secretary of War, Mr. William H. Taft has been the ruling figure in the Philippines.

During all these years Gen. Clarence R. Edwards has been with Mr. Taft, in Washington, in the Philippines, and elsewhere. He is the President's close personal friend and companion, and as Chief of the Bureau of Insular Affairs, having immediate jurisdiction over the insular possessions, he may be said to be the viceroy of the Philippines.

During all these years Henry W. Taft and George W. Wickersham have been members of the law firm of Strong & Cadwalader, New York City.

And during all these years this law firm has handled the legal end of the bulk of the big business in the Philippines, with, I understand, some Cuban affairs of importance.

How these matters could be easily and satisfactorily arranged is shown by the following New York telegram appearing in the Washington Post of January 12, 1908:

The only thing which might be interpreted as evidence that there existed a preconceived plan to exploit the Mindoro tract later on was the fact that it was entirely uninhabited, and hence the purchase of it for the purpose of quieting the insurrection was not necessary. After mentioning the other friar tracts, the 1901 report of the Taft Philippine Commission says (p. 25) :

"In addition to this there are something more than 100,000 acres, one-half in Isabela and one-half in Mindoro, in regions sparsely settled, the ownership of which by the friars does not involve so much popular resentment because of their remoteness."

When Gov. Taft was before the Insular Committee, February 28, 1902, he was asked if the same necessity existed for purchasing the Mindoro estate as existed for purchasing the other friar estates, and he replied (p. 229) :

"No; the same necessity would not exist for the purchase of the Mindoro tract and the Cagayan tract. The Mindoro tract is a tract used for cattle only, and in a part of the islands where there are practically no tenants, and where there is no feeling one way or the other, and so probably it would be the same with the Cagayan Valley."

Unless the motives of Gov. Taft be impugned, one can not reason that because of the purchase of these vast unoccupied tracts, and because of there being no tenants on them to whom the land could be sold in small parcels, it must have been intended at the outset that they should be sold en bloc to the Havemeyer or to some other syndicate, and even if one did so contend, it can not be held that any unexpressed plans which Gov. Taft might have had had anything to do with the intent of Congress when it enacted the law in question.

This inquiry began with the sale of one of the friar estates; it has disclosed that nearly all of them are involved. Sales to tenants have been made on but a few of the smaller of the 23 friar estates. Havemeyer has the San Jose estate; the Dillingham sugar interests of Honolulu have the Calamba estate, which caused the Philippine insurrection of 1896 and led to the purchase of the friar lands after the Spanish-American War of 1898; a lawyer, representing some undisclosed interest, has the Isabela estate; the executive secretary of the Philippine government, incredible though it may seem, has the Tala estate; the Spreckels sugar interests are on the ground to purchase other estates; and the movement is on for the purchase and exploitation of all of them by American capital under the free-trade act passed at the first session of this Congress. A corporation, clothed with unlimited powers, has been formed and turned loose in the Philippine Islands; and the Filipinos are protesting in masses against a movement which they regard as the death blow to the last hope of Philippine independence, a step that at least should not be taken until this country has determined its final purpose in the Philippines. This, in a nutshell, is the situation there.

The developments at this end of the line have been equally significant and far-reaching. The first speech made in the House on this question, on March 25 last, disclosed the fact that Attorney General Wickersham, whose opinion paved the way for this new policy, was at the time of his appointment a member of the law firm of Strong & Cadwalader, of New York, whose other leading member, Henry W. Taft, was at the same time an attorney of record for the Sugar Trust in two great suits brought against it for damages in the sum of \$30,000,000 for wrecking its only independent rival, the Pennsylvania Sugar Refining Company. The next disclosure was that this same firm began the negotiations by which the San Jose friar estate passed into the ownership of Horace Havemeyer and other Sugar Trust stockholders.

Since this last fact became known, much stress has been laid on the connection between the Taft-Wickersham law firm and the Sugar Trust, but that connection was a mere incident in the situation that gave this law firm a right of way for the Sugar Trust through the Philippine constitution.

For the past 10 years, in one capacity or another, President Taft has been the ruling figure in the Philippines. During all this time Gen. C. R. Edwards, Mr. Taft's most intimate associate, has, as Chief of the Bureau of Insular Affairs, exercised immediate jurisdiction over the Philippines. During all this time Henry W. Taft and Attorney General Wickersham have been the principal members of the law firm of Strong & Cadwalader. And during all this time that law firm has handled the legal end of the bulk of the big business in the Philippine Islands—railroad contracts, railroad bonds with interest guaranteed by the Philippine Government, harbor improvements, municipal franchises, etc.

So that when a member of that firm called at the departments in Washington to negotiate for the purchase of the friar lands he required no credentials.

This is the combination that unlocked the door of the carefully constructed Philippine constitution to the Havemeyers, the Dillinghams, the Spreckels, and others, and these are the findings picked from the mass of misstatements, contradictions, suppressions, and evasions with which from the start it has been sought to conceal them.

What we now want is not more resolutions of inquiry, but a thorough congressional investigation. What we want is not more laws to protect the insular possessions, but an honest administration of the laws already enacted; and this we will never have until we first get officials who will not connive with criminal interests to violate existing law.

Yet on April 15 last American press dispatches from Manila announced the sale of 20,000 out of the total of 33,000 acres of this estate to the Dillingham sugar interests of Honolulu. The first dispatch to this effect appeared in the New York Times, Philadelphia Public Ledger, and other papers as follows:

“MANILA, April 14.

“Agents for the Dillinghams of Honolulu have purchased 20,000 acres in Laguna Province, where it is proposed to establish a sugar plantation and to erect a large grinding mill. The property includes the Calamba friar estate and has rail and water connections with Manila. The price paid for the land averaged \$20 per acre.”

The same news item appeared in American trade bulletins. But the Secretary of War, by letter of May 5, 1910, to Congress, and which is now part 2 of House Document 804, made only this mention of the matter:

“One application has been made to purchase 1,200 hectares (3,000 acres) by Thayer, said to be agent of Dillingham.”

This statement is characteristic for its lack of frankness as well as information.

If it were not for the fact that the honorable Secretary of War in a letter to Congress on May 5, 1910, had stated that there was only an application on file to buy 3,000 acres of the Calamba estate, I would be inclined to credit the foregoing important item of local news in the unofficial organ of the administration on April 14, 1910, and the statements in the issue of the same paper of April 22, that the archipelago is in a ferment over the sale, but perhaps the ethics of the situation require that I reserve a doubt as to the truth of the publication, which I do all the more reluctantly since I have heretofore secured more reliable information about Philippine land matters from the public press than from the War Department.

It would be presumptuous for me to attempt to defend such men from such a charge, especially as I have no familiarity with the events alleged to have occurred in the United States, but I may, with propriety, suggest that the right to dispose of friar lands is, by law, vested in the director of lands and the secretary of the interior. It would obviously be impossible for the President, the Secretary of War, the Chief of the Bureau of Insular Affairs, or any other person or persons, to carry out nefarious plans relative thereto without the knowledge and connivance of the two Philippine officials above named. As a simple matter of fact, up to the date of Gen. Edward's cablegram of November 23, 1909, hereinafter quoted on page 1082, we were left absolutely free to work out our own salvation, except that we were urged, from time to time, to expedite as much as possible the work of surveying and selling individual holdings to occupants. We did not consult with the Washington officials relative to the policy to be pursued in disposing of large tracts of unoccupied land on any of the friar estates, nor did we ever receive any intimation as to their views in regard to the matter.

If the United States officials above named, or any of them, had any plan in mind relative to the disposition of unoccupied friar lands, or if they had any plan relative to the disposition of occupied lands in any other way than by selling them to the occupants, then they studiously refrained from communicating such plan or plans to either of the two persons who alone could carry them out. Responsibility for the policy pursued must rest squarely on the director of lands and on me, as secretary of the interior. Since the director of lands is my subordinate, the entire burden should in reality rest upon me, and I very willingly assume it.

As a member of the original Philippine Commission, I am familiar with the considerations which influenced that body to recommend the purchase of the friar lands.

The so-called "friar question" was undoubtedly one of the principal causes leading to the insurrection of the Filipinos against the Spanish Government. In order that this question might cease to disturb the peace of the islands, we deemed it essential that the friars of certain orders should depart, or should, at least, refrain from returning to their former stations in the provinces.

Furthermore, serious agrarian difficulties had arisen as the result of a flat refusal on the part of occupants of friar estates to pay rent.

It was too much to expect that the friars would abandon their valuable holdings in the provinces, and the purchase of these holdings seemed a necessary prerequisite to successful negotiations for the retirement of their owners from the islands, or, at least, from the provinces which they had previously occupied.

It was believed that if the insular government secured these estates and offered to sell to occupants their individual holdings on reasonable terms, the agrarian troubles might be terminated. There were no such troubles on the San Jose estate, which was practically without tenants, or on the Isabela estate, which had very few, but so long as these estates remained in the hands of their respective friar owners, efforts to secure the withdrawal of the latter from the islands, or from the provinces, were likely to be fruitless.

Furthermore, no one had the power to compel the friars to sell. The transaction was necessarily in the nature of a bargain, and the insular government accepted the best terms it could get. It was necessary to take the good with the bad. The friars insisted on having the San Jose estate and the Isabela estate included in the transaction, and at the same time refused to include the two thickly settled estates of Mandaloyan and San Juan del Monte, which afforded serious agrarian troubles so that the insular government particularly desired to obtain them.

THE CHARGE THAT THERE HAS BEEN IMPROPER SALE AND LEASE OF FRIAR LANDS TO A RELATIVE OF THE PHILIPPINE SECRETARY OF THE INTERIOR.

After commenting on the sale of the San Jose estate and other friar lands, Representative Martin says:

I further charge the sale and lease of some of these lands to the executive secretary of the Philippine government and to a relative of the Philippine secretary of the interior, which transaction I characterize as so criminally corrupt and immoral as to constitute malfeasance in office upon the part of all the officials of the Philippine government concerned.

So much of this charge as refers to the alleged selling or leasing of friar lands to a relative of the secretary of the interior is unqualifiedly false. Not a foot of such land has been sold or leased to any relative of the Philippine secretary of the interior; nor have I, nor has any relative of mine, ever occupied any friar land, or had any interest, direct or indirect, in any such land.

The facts as to the leasing and sale of friar lands to the executive secretary are hereinafter set forth, beginning on page 99.

HISTORY OF THE SALE OF THE SAN JOSE FRIAR ESTATE.

Before replying to Representative Martin's charges relative to the sale of the San Jose estate, I will give a brief summary of the transactions in the Philippines which immediately preceded this sale.

It had long been clearly realized that there was no hope of selling this estate in small parcels. It was without occupants. In its immediate vicinity are large areas of thinly populated rich agricultural

lands which can be purchased or leased upon easier and better terms. The only possible consideration which could influence anyone to buy, under such conditions, friar lands at the relatively high price fixed by law, was the fact that they could be purchased in large tracts. Both the director of lands and I myself had for a long time made every effort to interest possible purchasers. Indeed, one possible purchaser had been persuaded to visit the estate in the hope that he might buy.

On October 12, 1909, Mr. E. L. Poole and Mr. P. A. Prentiss called at the office of the director of lands, and stated that they were thinking of buying, if possible, a tract of private land in Mindoro, south of the San Jose estate, on which to establish a sugar plantation. They presented to the assistant director of lands the following letter of introduction:

LITTLE FALLS, N. J., *September 7, 1909.*

MY DEAR WILSON: This will introduce Messrs. E. L. Poole and P. A. Prentiss, who are going out to the Philippines, representing the same interests as I did, with the intention of looking toward the purchase of some land in the islands. If it is possible to secure a sufficient amount of suitable land, a modern sugar factory is contemplated. Any advice or information you can give these gentlemen will be greatly appreciated.

With kind remembrances to Mrs. Wilson, Mr. Strong, and yourself, believe me,

Sincerely, yours

J. MONTGOMERY STRONG.

JOHN R. WILSON, Esq.,
Manila, P. I.

Mr. J. Montgomery Strong was the possible purchaser above referred to who had visited the San Jose estate. I have learned from the assistant director of lands the following facts:

To the best of my recollection, it was in the early part of April that Mr. J. Montgomery Strong visited the bureau for the purpose of securing information relative to available sugar lands, public or private, in the islands. I explained to him the provisions of law relative to public lands prohibiting the holding by a corporation of more than 1,024 hectares, but suggested an inspection of the San Jose friar estate.

He left Manila during April in company with Mr. Thompson, formerly of the Philippines Products Co., to make an inspection of said San Jose estate. He returned to Manila on May 4, and later went to Iloilo and Negros with a view to investigating the possibilities of purchasing land in Negros.

In talking with him after his return from Mindoro he gave me to understand that he was not particularly pleased with the sugar possibilities of the estate. He left Manila the latter part of May or first part of June, returning directly to the United States.

Mr. Strong assured me that he was not representing the Sugar Trust, as it is commonly called, and that same was not interested in his venture other than the fact of at least one of the stockholders of the American Sugar Refining Co., who was desirous of securing sugar properties in the Philippines, not for the trust, but as a personal matter. Mr. Strong further stated that the Sugar Trust was not interested in the growing of sugar cane, but was interested solely in the manufacturing and refining of sugar. Mr. Strong never mentioned the

name of any person with whom he was interested or representing; neither was he asked for such information, the idea being to unload the San Jose estate if possible.

An effort was at once made to interest Messrs. Poole and Prentiss in the San Jose estate. They were brought to my office and were informed by me of the opinion rendered by the law officer of the bureau of lands, and were further told that we were ready to sell the San Jose estate in parcels of any desired size to responsible persons, and to guarantee title. They stated that they would look into the matter, but that in the event they should decide to purchase, they would desire confirmation of title by their attorneys in view of the question as to whether section 65 of the organic act had made the limitations imposed in section 15 thereof, relative to the sale of public lands to individuals, applicable to friar lands. As this question had been raised it seemed best that we ourselves should obtain a legal opinion on it, and accordingly, on October 12, 1909, the director of lands requested such an opinion of the attorney general for the Philippine Islands. This opinion is appended hereto as Exhibit A.

On October 21, 1909, I addressed the following letter to the Chief of the Bureau of Insular Affairs:

MANILA, October 21, 1909.

MY DEAR GEN. EDWARDS: Two gentlemen who are contemplating the purchase of considerable tracts of the San Jose friar estate called at my office the other day, and in the course of the interview which followed stated that they had been informed in Washington at the Bureau of Insular Affairs, that the sale of friar lands was subject to the same limitations as that of public land.

It is true that this was the case in the friar land act (No. 1120) as originally passed, but act No. 1847 was passed for the express purpose of doing away with the numerous difficulties which arose in consequence.

We should, of course, have gotten into endless trouble with tenants desiring to purchase if the amount of land we could sell to any one of them was limited to 40 acres, while if we are ever to dispose of the San Jose and Santa Isabel estates, both of which are practically without tenants, and are situated in remote and comparatively inaccessible regions, it will be necessary to sell the land in tracts of considerable size.

You will, I think, note that act No. 1120, as amended by act No. 1847, leaves the director of lands entirely free to offer unoccupied friar lands for sale in such tracts as may seem to him wise.

I am hoping very much that we shall be able to sell some of this land to the gentlemen in question, and that they will start a good up-to-date sugar plantation.

If we can only unload these two large estates the friar-land problem will, according to present indications, be solved quite readily.

Sincerely, yours,

DEAN C. WORCESTER,
Secretary of the Interior.

The CHIEF OF THE BUREAU OF INSULAR AFFAIRS,

Washington, D. C.

This letter was written on the supposition that the Chief of the Bureau of Insular Affairs had overlooked the purpose and effect of act No. 1847.

Meanwhile I brought this matter to the attention of the governor general, and at my request the following cablegram was sent:

MANILA, October 22, 1909.

SECWAR, Washington:

Prentiss and Poole desire to purchase unoccupied sugar lands on San Jose friar estate, Mindoro, and say that Hammond was informed by the Bureau of Insular Affairs an individual can not purchase more than 40 acres friar lands. Can not understand this, as acts 1847 and 1933 were passed amending friar land act to give government right to sell vacant friar lands without restriction as to area. Attorney general concurs in the opinion that this has been accomplished. Please confirm by telegraph to satisfy these gentlemen.

FORBES.

The following reply was received:

WASHINGTON, October 22, 1909.

FORBES, Manila:

Thoroughly understood here unoccupied friar lands may be sold to individuals without limitation as to area. Will advise Hammond. Wrote you September 27 requesting detailed description of such estates as are to be sold as unoccupied land. When Hammond called it was not understood efforts were being made to sell these estates.

EDWARDS.

I note that Mr. Martin, in quoting the governor general's cablegram of October 22, omits everything after the first sentence, for reasons best known to himself.

Meanwhile the assistant director of lands had been sent to Mindoro to take Messrs. Poole and Prentiss over the San Jose estate, and in the event that they did not wish to purchase it, or any portion of it, to show them neighboring public lands. The following travel order was issued to Mr. Wilson:

MANILA, October 23, 1909.

SIR: You are hereby directed to proceed with Mr. E. L. Poole to the Province of Mindoro for the purpose of inspecting the San Jose friar estate and public lands. You will take a surveyor, cook, and camping outfit. All actual necessary expenses are hereby authorized.

Respectfully,

C. H. SLEEPER, *Director of Lands.*

Mr. J. R. WILSON,

Assistant Director of Lands.

Upon his return, Mr. Poole expressed a desire to purchase the San Jose estate. The necessary papers were made out and were on my desk awaiting signature when the following cablegram was received:

WASHINGTON, November 23, 1909.

FORBES, Manila:

Am just advised that you are negotiating for the sale of Mindoro estate. The Secretary of War desires full information by cable in this matter and desires

that you do not consummate the sale until he has considered question. When may we expect opinion of the attorney general referred to in your telegram of October 22? Attorneys of purchasers desire opinion of the Attorney General of the United States as to whether section 15, act of Congress approved July 1, 1902, is made applicable by section 65 thereof to the friar lands. If opinion of the attorney general of the Philippine Islands has not been mailed, cable synopsis thereof.

EDWARDS.

NOTE.—The following cablegram, which is referred to in the text, was inadvertently omitted, and this slip is inserted by the Bureau of Insular Affairs that the text may be clear:

MANILA, November 29, 1909.

SECRETARY OF WAR, Washington:

Referring to telegram from your office of 23d instant, present state negotiations for the sale San Jose friar estate is as follows: Mr. E. L. Poole has signed sales certificate in which director of lands, acting for the Philippine government under the provisions of section 9, Act No. 1120, as amended by Act No. 1847 and Act No. 1933, has certified that the government of the Philippine Islands has agreed to sell to E. L. Poole or his nominees San Jose friar estate for ₱734,000 Philippine currency which will be value of said land on January 4, 1910, fixed in accordance with the provisions of section 12, Act No. 1120. Purchaser is to pay ₱42,875 on January 4, 1910, when this sale becomes effective. Balance is to be paid in 19 equal annual installments. I consider this is an excellent sale, as ₱32 per hectare high. Full report will be forwarded by mail by Dean C. Worcester, sale, however, contingent upon approval of title by Poole's attorney.

FORBES.

This was the first intimation we had that the Washington authorities were interested in the proposed transaction, then almost consummated.

This cablegram was referred to me, and I prepared the following memorandum for the governor general:

MANILA, November 26, 1909.

[Memorandum for the honorable the governor general.]

The present state of negotiations for the sale of the San Jose friar estate is as follows:

Mr. E. L. Poole has signed a sales certificate in which the director of lands, acting for the government of the Philippine Islands under the provisions of section 9 of Act 1120 as amended by Act 1847 and Act 1933, has certified that the government of the Philippine Islands has agreed to sell to E. L. Poole or his nominees the San Jose friar estate for ₱734,000 Philippine currency which will be the value of said land fixed in accordance with the provisions of section 12 of Act 1120.

The purchaser is to pay ₱42,875 on the 4th day of January, 1910, when this sale becomes effective. Balance is to be paid in 19 equal annual installments of ₱36,375 each, said installments to be paid on the 4th day of January of each succeeding year. The purchase price is to bear interest at the rate of 4 per cent per year, from and including January 4, 1910, and each unpaid balance is to bear interest at the same rate from and including the date upon which the last preceding annual installment of the purchase price, with accrued interest was paid.

When the first payment is made on January 4, 1910, vender will convey to the vendee, or his nominees, a single tract of 200 hectares, to be designated by

vendee, and upon completion of the payment of the purchase price, with all interest due, vender will convey the remainder of land to vendee or his nominee. The certificate has been signed by the director of lands and the vendee, but has not been approved by the secretary of the interior.

The price of ₱32.64 per hectare is already very high for wild land, and necessarily constantly increases. There are large tracts of unoccupied fertile public land, which Poole has not seen, equally well situated for irrigation, adjoining, which can be purchased for ₱10 per hectare, while private owners between southern border of estate and Ilin Straits, which must be the shipping port, who have land equally productive and more favorably situated with reference to shipping facilities, are proving title to tracts of from 600 to 1,200 hectares, and will soon be in a position to give clear title. They will probably be willing to sell at prices materially below that which we are compelled to charge. Strong for whom this man is acting, preferred latter land on account of nature of soil and location.

There are no settlers on the San Jose friar estate and no labor available on the island. Large capital required for its development, therefore impossible to sell estate in small tracts. In opinion of secretary of interior and director of lands, if advantage is not promptly taken of this opportunity sale will fall through.

The price of the land will automatically increase until it becomes prohibitive and amendment to provisions of friar-lands act, relative to price, will become necessary in order to make sale possible at all. Meanwhile interest charges on investment will be running against the government and some administration charges will be necessary, as Recoletos have removed their cattle from the estate and marauders are now destroying timber, cutting burl trees, and indulging in other acts of vandalism, necessitating the employment of keepers.

Informally understood with Poole that consummation of sale should be contingent upon approval of title by his attorneys. Hence, date when sale should be effective was postponed until January 4, 1910.

A copy of the opinion of the Attorney General is attached.

DEAN C. WORCESTER,
Secretary of the Interior.

No further action was taken in the premises until the receipt of the following cablegram:

WASHINGTON, December 4, 1909.

FORBES, Manila:

Referring to telegram from your office of the 29th ultimo, the Secretary of War approves sale of San Jose estate. At the request of attorneys for purchasers the question referred to in my telegram of November 23 will be submitted at once to Attorney General for an opinion.

EDWARDS.

After which the following sales certificate was signed by me. It had previously been signed on November 23, 1909, by the director of lands and Mr. E. L. Poole, and the affixing of my signature had been delayed only on account of the cablegram of November 23 above quoted.

DEPARTMENT OF THE INTERIOR, BUREAU OF LANDS,
FRIAR-LANDS DIVISION.

SAN JOSE ESTATE, *Mindoro Province*:

[Sales certificate No. 1.]

I, C. H. Sleeper, director of lands, acting for and on behalf of the government of the Philippine Islands, vender, pursuant to authority conferred upon me by the provisions of the friar-lands act, No. 1120, hereby certify that said govern-

ment of the Philippine Islands has this 23 day of November, 1909, agreed to sell to E. L. Poole, vendee, a resident of the city of Manila, P. I., or his nominees, that certain tract or parcel of land situate in the township of Bulalacao, Province of Mindoro, known and designated as Hacienda de San Jose, and containing an area of 22,484 hectares, 81 acres, and 50 centares.

The official maps and records of technical descriptions of surveys and boundaries of said hacienda are on record in the bureau of lands and the court of land registration, Manila, P. I., and in the office of the register of deeds for said province.

In consideration of this agreement by said vender to sell, said vendee hereby agrees to pay as the purchase price for said land to the government of the Philippine Islands, the sum of ₱734,000 Philippine currency, the agreed value of said land on the 4th day of January, 1910, from which date said sale becomes effective.

Said vendee shall pay ₱42,875 on the 4th day of January, 1910, and the unpaid balance of the purchase price, as aforesaid, shall then be paid in 19 equal annual installments of ₱36,375 each, on the 4th day of January of each succeeding year until the entire purchase price has been paid.

Said purchase price shall bear interest at the rate of 4 per cent per annum, from and including the 4th day of January, 1910; and each and every unpaid balance thereof likewise shall bear interest at the rate of 4 per cent per annum, from and including the day next succeeding the date upon which the last preceding annual installment of said purchase price, together with accrued interest thereon, was paid; and each of said annual installments, together with the accrued interest, shall be payable to the director of lands, at his office in the city of Manila, the right to a demand therefor being hereby waived by said vendee.

Upon the payment of ₱42,875, on the 4th day of January, 1910, as aforesaid, the vender will convey to the vendee or his nominees, by proper instrument of conveyance, 200 hectares to be designated by the vendee in a single tract within the limits of the said hacienda, and upon completion of the payment of the purchase price as hereinbefore stated, together with all accrued interest, said vender will convey the remainder of said land, by proper instrument of conveyance, to said vendee or his nominees.

The signing of this certificate by said vendee shall constitute an acceptance of all of the terms and conditions hereof, and if the said vendee shall fail or neglect to make any payment as herein provided, the director of lands shall proceed to enforce said payment and the lien of said vender, as provided in section 17 of Act No. 1120.

In testimony whereof, I have hereunto set my hand at the bureau of lands in the city of Manila upon the date first hereinabove written.

C. H. SLEEPER, *Director of Lands.*

Approved.

DEAN C. WORCESTER,
Secretary of the Interior.

On November 26, 1909, the director of lands transmitted, through the provincial governor of Mindoro Province, to the presidentes of the towns of Sablayan and Bulalacao, requests that these officials should publish bandillos on the San Jose de Mindoro estate in accordance with the provisions of Act 1933. The presidente of Bulalacao certified to the publication of bandillos within the jurisdiction of his municipality on December 24, 1909, giving the dates of publication as December 21, 22, and 23, 1909; the presidente of Sablayan certified to the publication of bandillos within the jurisdiction of his munici-

pality on December 27, 1909, giving the dates of publication as December 23, 24, and 27, 1909.

On December 6, 1909, the secretary of the interior returned to the director of lands sale certificate No. 1 of the San Jose de Mindoro estate approved.

On December 6, 1909, the director of lands transmitted to Mr. E. L. Poole one copy of the sale certificate, stating that payments on account of purchase price might be deposited with the Guarantee Trust Co. of New York to the credit of the government of the Philippine Islands. The insular treasurer was notified of this arrangement on the same date, and requested to inform the bureau of lands in case deposits were so made.

On December 27, 1909, the director of lands informed Mr. Poole that the recomputation of the sale value of the San Jose estate in order to allow a cash purchase of 4,200 hectares, would result in a cash payment, in full, for said area of ₱137,080, together with the payment of ₱29,846 as first installment on remainder of estate, leaving a balance of 19 annual installments at the rate of ₱29,846 each.

On January 4, 1910, Mr. Poole executed two sale certificates numbered 2 and 3 for the San Jose de Mindoro estate, in substitution of sale certificate No. 1, which was thereupon canceled. Sale certificate No. 3 covered 4,200 hectares of the estate, the value of which was established at ₱137,080, and was intended to be in the nature of a cash transaction. Sale certificate No. 2 covered the remainder of the estate at the valuation of ₱596,920, a cash payment being stipulated of ₱29,846 with 19 annual installments to cover the balance at the rate of ₱29,846 each.

Sale certificate No. 3 gave approximate boundaries only of the 4,200 hectares sold outright, and a reservation was made in the certificate that within a period of six months the purchaser should have a right to recalculate and reestablish the boundary lines in such manner as he saw fit, provided that the area should not be changed, and that the land embraced within the amended description should be wholly within the San Jose estate.

On January 11, 1910, Mr. Poole paid to the bureau of lands the sum of ₱166,926, ₱137,080 of which was the payment in full on account of sale certificate No. 3, and ₱29,846, the first installment on account of sale certificate No. 2.

On July 2, 1910, Mr. Poole, through his attorneys, requested an extension of 30 days within which to submit amended plans and descriptions of the 4,200 hectares purchased outright, which permission was given him in writing on the same date by the director of lands.

On the 3d day of August, 1910, the director of lands and Mr. Poole entered into an agreement amending sale certificate No. 3, in which the boundaries and descriptions of the 4,200 hectares of the estate which were purchased outright were definitely established.

THE CHARGE THAT THE OPINION OF THE ATTORNEY GENERAL OF THE UNITED STATES RELATIVE TO THE POWER OF THE PHILIPPINE GOVERNMENT TO SELL UNOCCUPIED FRIAR LANDS IN LARGE TRACTS WAS ANTICIPATED IN THE PHILIPPINE ISLANDS.

Representative Martin has made the following statement relative to this matter:

And when Attorney General Wickersham was asked for an opinion which was to quiet title to the friar lands in the purchasers and forever conclude the government as to its rights in the premises, he required no bill of particulars. He knew from long experience, if in no other manner, that the inquiry came through the regular and proper channel and that the other details had been properly attended to.

ANTICIPATING THE OPINION.

That the other details had been properly attended to will now be shown by the following facts:

The opinion of the Attorney General was asked for on December 4, 1909. It was rendered on December 18 and cabled to Manila on December 22. The agreement to sell the San Jose estate to E. L. Poole, or his nominees (Havemeyer, Senff, and Welch), had been entered into in November; but, according to a cablegram from Gov. Forbes, the sale was not fully consummated until January 4, 1910.

But on January 7 the Manila Times, the unofficial organ of the administration in the Philippines, announced that the cane and grass seed had been sown on the estate, hitherto uncultivated; that soundings for a dock had been made on the coast; that a railway survey was being run from the dock to the plantation; and that building material for labor quarters had been sent out. This work required weeks, if not months, of preparation on the ground. Contracts were to be entered into, material purchased, engineers and labor employed, a hundred and one things to be done. It would have taken the lamp of Aladdin to produce such miracles of progress in the wilds of Mindoro between December 22 and January 7, a space of two weeks. But, more than that, men must have gone from New York to Manila; before going there must have been much organization work in New York. Taking the earliest date disclosed in the information vouchsafed by the War Department, to wit, September 3, 1909, the date of Mr. Hammond's call to open negotiations for the purchase of the estate, and marvels of executive ability would have to be performed to get the seed in the ground between that and the rendition of Mr. Wickersham's opinion as to whether the sale was valid. It is sufficient merely to suggest the magnitude of the work without going into details.

As has already been pointed out, the director of lands and myself acted upon the opinion of the proper Philippine legal authority, as is our invariable custom. We have no right to request a legal opinion from the Attorney General of the United States, nor in this case did we see any necessity for doing so. The documents were ready for signature at the time the cablegram from the chief of the Bureau of Insular Affairs dated November 23, 1909, and quoted on page 1082, was received, and no further action was taken until the receipt of cablegram dated December 4, 1909, and quoted on page 1084. We did not previously know that the opinion of the Attorney General of the United States was to be asked for, and now suppose that it was for

the benefit of Mr. Poole's attorneys in passing on the validity of the title.

A sales certificate was signed promptly on December 6, 1909, Mr. Poole again stating that before completing the purchase he desired confirmation of title by his attorneys. Before the signing of this sale certificate not a stroke of work was done on the estate. Indeed, the first shipment of supplies for use there was made on December 14, 1909.

Representative Martin has unfortunately placed his faith in newspaper reports, and in the figments of his own imagination, as to what was accomplished there prior to January 7, 1910. His statement that—

This work required weeks, if not months, of preparation on the ground. Contracts were to be entered into, material purchased, engineers and labor employed, a hundred and one things to be done. It would have taken the lamp of Aladdin to produce such miracles of progress in the wilds of Mindoro between December 22 and January 7, a space of two weeks—

in so far as it refers to any work actually performed is, of course, untrue.

**THE CHARGE THAT THE SALE OF THE SAN JOSE FRIAR ESTATE WAS
ILLEGAL.**

Representative Martin has argued at great length that the sale of the San Jose friar estate was illegal. He says:

That the Philippine government considered that the 40-acre restrictions of section 15 governing the area of crown lands which could be sold to an individual or 2,500 acres to a corporation applied equally to section 65 governing the sale of friar lands, and that when that government passed the act providing for the disposition of the friar lands they embodied in it the same language and restrictions as to area as were embodied in their so-called public-lands act.

LIMITATIONS UPON LAND OWNERSHIP.

Section 15 of the organic act of the Philippines limited the quantity of the public lands which might be acquired by an individual to 40 acres and by corporations or associations to 2,500 acres. Section 75 limited agricultural corporations to the ownership of 2,500 acres. This was for the avowed purpose of preventing foreign exploitation. Sections 63 and 65, providing for or, rather, enabling the Philippine government to purchase and dispose of the friar lands, subjected these lands to the limitations of the act. The Philippine Commission, by the public-land act passed October 7, 1903, subjected the public lands to the limitations contained in section 15 of the organic act, and by the friar-lands act, passed April 26, 1904, subjected the friar lands to the limitations contained in the public-land act. These acts of the Philippine Commission, however, were merely declaratory of the organic law. Let it be borne in mind, once for all, that no act or omission of the Philippine government could annul, set aside, or modify the provisions of the organic act, the constitution of the archipelago. This is elementary and axiomatic.

His assumption that the 40-acre restriction of section 15 of the organic act applies equally to section 65, governing the sale of friar lands, and that this is the reason that when the Philippine Commis-

sion passed the act providing for the disposition of the friar lands they embodied in it the same language and the same restrictions as to area which they embodied in their so-called public-lands act, is gratuitous, and, as it happens, is incorrect.

Reference to section 9 of the friar-lands act, which is appended hereto as Exhibit B, shows that while no "language" on this subject was incorporated in the act, the restrictions of section 15 as to area were incorporated by the commission, but with reference to unoccupied lands only.

It did more than this. It subjected the unoccupied friar lands (not the friar lands as stated by Representative Martin, but only the *unoccupied* portion of such lands) to *all* the restrictions as to procedure contained in Chapter II of the public-lands act, but not contained in section 15 of the organic act, including the following:

A provision for a survey of the land in continuous legal subdivisions, which was impracticable on friar lands, except on those estates which were practically unoccupied, for the reason that the law provides for selling *their holdings* to occupants, and such holdings do not lie in regular legal subdivisions.

A provision for the advertisement, after an application had been made to purchase the land, in both English and Spanish languages for six consecutive weeks in two daily newspapers, involving additional and perfectly needless expense to the purchaser of from ₱20 to ₱100.

A provision under which the most liberal arrangement that could be made relative to payment was that it should be in one installment at the expiration of five years from the date of the award.

A provision fixing the rate of interest at 6 per cent per annum on deferred payments, while the rate under the friar-lands act itself on deferred payments was but 4 per cent.

A provision that the sale should be by competitive bidding and that the land should be awarded to the highest bidder, so that lessees could not be guaranteed the right to purchase their holdings and would not be justified in improving them, and running the risk of having some one else outbid them and thus get the benefit of their work.

Representative Martin's statement that this act was merely declaratory of the organic act is, of course, absurd, as the organic act does not contain provisions relative to the subjects above enumerated.

The unpleasant fact is, that in making the provisions of Chapter II of the public-lands act applicable to the sale of unoccupied friar lands, the Philippine Commission made a serious mistake, due to carelessness and to no other cause. It simply thought that it already had a carefully considered set of provisions relative to the sale of land, and lumped them into the friar-lands act without considering them in detail or paying any attention to the inevitable result. It may be mentioned in passing that I myself was absent on leave in

the United States at the time this act was passed, and that no other member of the commission was especially conversant with public-land or friar-land matters, hence the mistake.

Having had its blunder brought home to it by practical experience, and having been absolutely unable to dispose of any considerable quantity of unoccupied friar lands, the commission adopted the only possible course by passing act No. 1847, entitled "An act amending sections nine and eleven of Act Numbered Eleven hundred and twenty, entitled 'The Friar Lands Act,' providing for the manner of sale of unoccupied lands and the time within which deferred payments by purchasers of friar lands may be made," passed on June 3, 1908.

The commission believed that it had precisely the same power to amend these sections that it had to pass them in the first place, holding that the clause in section 65 of the organic act reading "subject to the limitations and conditions provided for in this act" meant the *limitations and conditions relative to the sale of friar lands* provided in said act, and *not* the limitations and conditions relative to the sale of public lands included in section 15 thereof.

What other belief was possible in view of the avowed purpose of the government to sell to occupants of friar lands their holdings, and this at the earliest practicable date?

Section 15 of the organic act reads as follows:

SEC. 15. That the government of the Philippine Islands is hereby authorized and empowered, on such terms as it may prescribe by general legislation, to provide for the granting or sale and conveyance to actual occupants and settlers and other citizens of said islands such parts and portions of the public domain, other than timber and mineral lands, of the United States in said islands as it may deem wise, not exceeding sixteen hectares to any one person and for the sale and conveyance of not more than one thousand and twenty-four hectares to any corporation or association of persons: *Provided*, That the grant or sale of such lands, whether the purchase price be paid at once or in partial payments, shall be conditioned upon actual and continued occupancy, improvement, and cultivation of the premises sold for a period of not less than five years, during which time the purchaser or grantee can not alienate or encumber said land or the title thereto; but such restrictions shall not apply to transfers of rights and title of inheritance under the law for the distribution of the estates of decedents.

Section 65 of the organic act reads as follows:

SEC. 65. That all lands acquired by virtue of the preceding section shall constitute a part and portion of the public property of the government of the Philippine Islands, and may be held, sold and conveyed, or leased temporarily for a period not exceeding three years after their acquisition by said government on such terms and conditions as it may prescribe, subject to the limitations and conditions prescribed in this act: *Provided*, That all deferred payments and interest thereon shall be payable in the money prescribed for the payment of principal and interest of the bonds authorized to be issued in payment of said lands by the preceding section, and said deferred payments shall bear interest at the rate borne by the bonds. All moneys realized or received from sales or

other disposition of said lands or by reason thereof shall constitute a trust fund for the payment of principal and interest of said bonds, and also constitute a sinking fund for the payment of said bonds at their maturity. Actual settlers and occupants at the time said lands are acquired by the government shall have the preference over all others to lease, purchase, or acquire their holdings within such reasonable time as may be determined by said government.

Special attention is invited to the italicized portions of these two sections, from which it appears that the provisions of section 65 are applicable to *all* friar lands, whether occupied or unoccupied, and that the provision at the close of said section relative to sale is in flat contradiction with the corresponding provision of section 15. Section 65 provides for the sale to settlers and occupants at the time the land was acquired by the government *of their holdings*, which in numerous cases exceed 16 hectares, while section 15 limits the amount of land which may be sold to *any one person* to 16 hectares. Section 65 provides that settlers and occupants shall have preference over all others *to lease, PURCHASE, or acquire their holdings within such reasonable time as may be determined by said government*. Section 15 provides that the grant or *sale* of such lands, whether the purchase price be paid at once or in partial payments, shall be conditional upon the actual and continued occupancy, improvement, and cultivation of the premises sold *for a period of not less than five years*. In view of these facts, I respectfully submit that the interpretation placed by the commission on section 65 is the only one possible on any other theory than that Congress stultified itself by incorporating within the limits of a single act contradictory provisions on two important subjects.

Representative Martin continues:

In my first speech on the subject, I called for a single recorded intimation from any source, prior to the opinion of Attorney General Wickersham, rendered on December 18, 1909, that the quantity limitations in the organic act do not apply to the friar lands; and I call for it again. Forty acres to an individual and 2,500 acres to a corporation or association. That was, is, and will be the law until Congress changes it.

I am glad to respond to this call by a quotation from his own speech. He himself has said—

The enactment of this amendment led the insular secretary of the interior joyously to exclaim that "under the law as amended *there is no limit as to the amount of land which can be purchased*"—

and he correctly cites the page of my annual report for 1908 on which occurs my statement on this subject. It would seem, therefore, that there was one person who had recorded the intimation that the quantity limitations in the organic act did not apply to the friar lands prior to the opinion of Attorney General Wickersham, rendered on December 18, 1909.

Representative Martin then states:

That under the terms of the act of Congress the authority of the Philippine government to acquire the unoccupied San Jose and the Isabela estates was based solely on acquiring them for the purpose of preventing their exploitation, inasmuch as only such lands were to be purchased as were held—

“in such large tracts or parcels and in such manner as in the opinion of the commission injuriously to affect the peace and welfare of the people of the Philippine Islands.”

These unoccupied lands only could “injuriously affect the peace and welfare of the people of the Philippine Islands, by being exploited, and there would be no legitimate object in preventing the friars from exploiting them and then turn them over to the Havemeyers for the same purpose.

It has been pointed out that the continued holding of the San Jose estate in Mindoro by the Recoleta friars was believed by the commission injuriously to affect the peace and welfare of the Philippine Islands, inasmuch as it was likely to insure the continued residence in the Philippine Islands, and on the west coast of Mindoro, of members of that order, and that the purchase of this estate was necessary in order that it might be possible to purchase other and thickly settled estates in connection with which serious agrarian problems had arisen.

There was involved no question of the friars “exploiting” these lands which, in point of fact, they had never cultivated.

Representative Martin quotes in full a legal opinion of Moorfield Storey, in which that gentleman reaches the following conclusion:

I am of the opinion, therefore, that the sale of agricultural land to any corporation or association in excess of the amount limited by the provisions of the act which I have quoted is unauthorized and void, and that the purchaser acquires no title to the land so sold.

Whatever may be the fact as to the legality of such a *sale*, there can be no doubt that the *purchase* of agricultural land in excess of 2,500 acres by a corporation authorized to engage in agriculture is illegal, a fact which no one seems to have disputed. But as the land in the present instance was sold to an individual, it is not perceived that the conclusion reached by Mr. Storey has any bearing on the case at issue.

As to the legality of act No. 1847 of the Philippine Legislature, which, like all acts of that body, was duly reported to the Secretary of War and to the President of the United States, and which was submitted to Congress in December of 1908 for its approval or disapproval, I can only say that, not being a lawyer, I availed myself of the legal knowledge of the attorney for the bureau of lands and of the attorney general for the Philippine Islands, whose opinions are appended hereto as Exhibits C and A. The conclusions reached by these gentlemen were subsequently confirmed, in substance, by the opinion of the Attorney General of the United States. (Exhibit D.)

Representative Martin charges, in effect, that act No. 1847 was passed to facilitate exploitation of the friar lands. I invite attention to the fact that it was passed by the Philippine Legislature, which is

made up of two houses; that the members of the lower house, known as the Philippine Assembly, are 81 in number, and are without exception Filipinos; that they represent the entire archipelago with the exception of those portions of it populated chiefly by non-Christian tribes; that at the time this act was passed a large majority of them belonged to the so-called "Nacionalista" party, which demands early independence for the Philippines; that four of the nine members of the upper house, known as the Philippine Commission, are also Filipinos; and that this act had for its avowed purpose the making of the sale of unoccupied friar lands in large tracts lawful. The vote was unanimous in each house.

THE SALE OF THE SAN JOSE FRIAR ESTATE IN THE PUBLIC INTEREST.

The fact is that act No. 1847 was passed because it had proved entirely impracticable to dispose of the unoccupied San Jose estate, or of the unoccupied lands on the Isabela estate, the Calamba estate, and other thinly settled estates, except in large tracts.

The sale of the San Jose estate was in the interest of the Filipino people for the following reasons, among others:

First. It relieved them of a heavy and constantly increasing burden of debt. The original cost of the estate was \$298,782.07. At the time it was disposed of its sale value as fixed by law had become \$367,000. Interest on the investment was accruing at the rate of \$11,951.28 per year. There had been no receipts except for pasturing cattle, the total amount received being \$4,405, and even these receipts had totally ceased. The sale, therefore, relieved the Filipino people of a heavy and constantly increasing burden of debt.

Second. It resulted in providing a much-needed outlet for surplus labor. As chairman of the joint committee of the Philippine Legislature, which apportions a relief fund, I have listened year after year to pleas for financial assistance from provinces and municipalities where it was alleged that the people were needy, or even absolutely hungry, and could not get employment unless the government undertook to furnish it by inaugurating public works. We are now able to suggest, in such instances, that there is employment for a minimum of 3,000 laborers on the San Jose estate, and that more will soon be needed; that the wages of common laborers are 80 centavos per day, and those of laborers on construction ₱1 per day; that free transportation to the estate is furnished; that ordinary purchases may be made on the estate at Manila prices plus the cost of transportation, and that adequate school facilities for children will soon be provided; while families who may wish to raise agricultural products for their own use will be furnished, free of charge, land on which this may be done.

Third. It bids fair to lead to the establishment of a modern sugar estate in the Philippine Islands, where such a thing does not now exist.

If I have learned any one thing about the Filipino people in my 15 years of contact with them, it is that a great majority of them can be taught the value of improved agricultural methods only by practical demonstration. The methods of sugar culture and extraction employed in the Philippines are extremely crude and they will not change until the people have learned better by actual observation. So important has this matter seemed to me that I have repeatedly urged the establishment of a model government sugar plantation and mill, in order that the people might see for themselves the advantages of up-to-date methods, and might be led to abandon their present antiquated and extravagantly wasteful ones.

The establishment of a great modern sugar estate in Mindoro, where sugar has never heretofore been produced for other than local domestic purposes, with the resultant demonstration of the value of modern methods in the culture and extraction of this important staple, and the opportunity for profitable employment afforded, can not but result in great advantage both to the Province of Mindoro and to the Philippine Archipelago as a whole.

Under present methods of extraction the average Filipino throws 40 to 60 per cent of the sugar in his cane onto the dump pile. He knows little of irrigation. He never uses fertilizer. He pays no attention to the quality of his seed. Our field laborers are going to the Hawaiian Islands, where they can earn better wages. Is it well that these conditions should continue? Let the burden of attempting to wrong the Filipino people rest where it belongs—on those representatives of the beet-sugar interests of the United States who would deprive Philippine sugar of one of its great natural outlets through the United States market, and who have exhausted every means to prevent the establishment of modern sugar estates in these islands.

It should be remembered that there is plenty of uncultivated sugar land, both public and private, in Mindoro, and, indeed, in the immediate vicinity of the San Jose estate. Persons who already own such land in their own right will naturally be encouraged to grow cane, while the enormous stretches of level public land on the Lumintao River near the northern extremity of the estate afford almost unlimited opportunities for Filipinos desiring to homestead, purchase, or lease public land and grow cane. At other points on the west coast of Mindoro, and at a number of points on the east coast as well, there are very extensive stretches of level public land admirably suited to sugar-cane production. This land is, of course, open to all qualified persons who may wish to homestead, lease, or purchase it.

The Filipinos themselves have deemed it very important to attract people to these enormous stretches of rich uncultivated public land in Mindoro. At the last regular session of the Philippine Legisla-

ture the assembly, composed exclusively of Filipinos, passed an act entitled "An act providing facilities to the poor in the densely populated places for removing to the northeast of Mindanao and to the island of Mindoro." The act provided that free transportation should be furnished immigrants from their homes to Mindoro; also for the construction of houses and the plowing of land for them, and the inauguration of public works at government expense for the double purpose of insuring the erection of necessary public buildings and of providing opportunity for immigrants to earn money. The daily wage was to be not less than 50 centavos, with subsistence. The purchase and gratuitous distribution of work animals was also provided for. Immigration agents were to receive remuneration for each immigrant secured by them. Immigrants were to receive subsistence from the government for two years after landing. The government was to be reimbursed for the cost of subsistence during the second year only. Immigrants were favored in other ways.

The bill contained provisions which rendered its passage impracticable, but I refer to it in order to show how much importance the Filipinos themselves attach to stimulating immigration into the island of Mindoro, which has such enormous undeveloped agricultural resources.

With the Poole sugar estate in operation, immigrants can, as before set forth, get their expenses paid from their homes to the west coast of the island, where on arrival they will find houses ready for their use.

The yearly income of each man who works six days in the week every week in the year will be \$124.80, instead of \$50, as stated by Representative Martin. Laborers can readily cultivate small holdings of their own while at the same time earning enough by work on the estate to support themselves and their families. And so immigration into the island, so much desired by the Filipinos themselves, can be brought about without expense to the government.

In this general connection I invite attention to the following letter from the governor of Mindoro:

THE PROVINCIAL GOVERNMENT OF MINDORO,

Calapan, P. I., August 25, 1910.

MY DEAR GENERAL: In reply to your letter of recent date, I have the honor to offer the following relative to the sale of the San Jose estate in Mindoro:

If the estate had been part of the public domain of the United States, no more than 16 hectares could have been sold to an individual.

This estate was the public property of the insular government, and regulations governing its sale were made by the Philippine Legislature and submitted to Congress, in compliance with the organic act. No objection came from Congress and the sale was made within the provisions of the aforesaid regulations.

The insular government borrowed money to buy this estate. It was paying interest on this debt out of taxes collected from the Filipino people. No return was coming to the government from the purchase, and interest upon interest was being added to the principal.

The sale was made. The sale means the wiping out of that debt with the gnawing interest.

It means that this property will now pay taxes and become a support instead of a drag to the government. It means more than that. It means that every foot of ground on the west coast of Mindoro adaptable to the raising of sugar is now more valuable than it was before; that every poor farmer up and down the coast can find a market for his produce at this modern mill; that the formerly undeveloped and little-known coastal plains of western Mindoro will now support homes and families of decent citizens instead of producing mostly pirates, who as late as 1899 made their raids south to the Cuyos.

And no one dispossessed of their homes. Mr. Poole did find one man living on that 55,000 acres. He was a wild-carabao hunter, living under a few banana leaves made into a lean-to roof. Later, in riding over the estate with him, we came across a family living in a grass house. Mr. Poole did not move these people; he told them they could live there and cultivate the land they had planted, and invited the man and his boys to come and work for him when their rice was harvested.

I am not for the trusts as against the people. I do not want to see the Philippine Islands as a whole opened to them.

But only organized capital can make a beginning on Mindoro's west coast. I am glad the pioneer work is being done by them.

It will make for the prosperity, happiness, and progress of our people here in Mindoro.

Sincerely,

LOUIS J. VAN SCHAICK,
Governor of Mindoro.

Gen. CLARENCE R. EDWARDS,

United States Army, Manila, P. I.

THE ECONOMIC IMPORTANCE OF PROMPTLY SELLING UNOCCUPIED FRIAR LANDS.

The following memorandum gives information relative to lands now vacant on certain of the friar estates:

Memorandum relative to vacant land on certain friar estates August 1, 1910.

Estates.	Province.	Ap- prox- imate area vacant.	Approxi- mate value.	Approxi- mate annual expense.	Has estate been offered for sale?	Probability of selling estate in lots of 16 hectares or less.
		<i>Hectares.</i>				
Bifan.....	Laguna...	290	P50,000	P2,500	Yes.	For a small part, some.
Muntinlupa.....	...do.....	980	36,000	1,800	Yes.	None.
Santa Rosa.....	...do.....	520	70,000	3,500	Yes.	For a small part, fair.
Calamba.....	...do.....	7,380	700,000	35,000	No.	For 1,000 hectares, some chance.
Total in La- guna.	.....	9,170	856,000	42,800	‡	1,200 hectares, some chance in 5 years.
Nalc.....	Cavite.....	3,630	470,000	23,500	Yes.	Some chance, 1,000 hectares, 5 years.
San Francisco de Malabon.	...do.....	5,560	540,000	27,000	Yes.	Some chance, 500 hectares, 5 years.
Santa Cruz de Malabon.	...do.....	5,880	500,000	25,000	No.	Fair chance, 2,000 hectares, 5 years.
Imus.....	...do.....	9,000	900,000	45,000	No.	Do.
Total in Ca- vite.	.....	24,070	2,410,000	120,500	‡	5,500 hectares, some chance in 5 years.
Santa Maria de Pandi.	Bulacan...	1,650	30,000	1,500	No.	Fair chance.
Orion.....	Bataan....	70	8,700	200	Yes.	None.
Talisay.....	Cebu.....	4,000	400,000	20,000	No.	1,000 hectares, some chance.
Other provinces....	.....	5,720	438,700	21,700	‡	1,500 hectares, some chance in 5 years.
Total.....	.....	38,960	3,704,700	185,000	‡	Less than 10,000 hectares, in 5 years, some chance; balance none.

Prior to the completion of the valuation work on all the friar estates, it is impossible to say with entire accuracy just what is the value of the vacant lands, but it can be stated in general that of the very large tracts now remaining vacant, that there are some 97,400 acres which are worth approximately \$1,852,350, as shown by the above table; that interest on the money invested in these lands, and expenses of administration connected with them, are now costing the government approximately \$92,500 annually; and that this amount must be added, annually, to their selling price.

So far as we are able at this time to judge, there is some chance that we might within the next five years, sell not to exceed 25,000 acres in lots of 40 acres or less. There seems no present reason to believe that the balance could ever be sold in small lots. Indeed, the continued addition of interest and cost of administration to the sale price of the land would soon make its cost prohibitive. Ordinary common sense would seem plainly to indicate the advisability of disposing of these unoccupied lands as soon as possible. Their retention will impose a constantly increasing burden on the Filipino people and will bring no compensating benefit.

THE MINDORO DEVELOPMENT CO.

Representative Martin gives what purports to be a history of the organization of the Mindoro Development Co., which he finds to be, potentially, the sum of all possible corporate infamies. He states that the San Jose estate has been sold to Havemeyer, and says that—

The Havemeyer syndicate seems to be operating as the Mindoro Development Co., which company is reported as having ordered from the Honolulu Iron Works at a cost of \$500,000 a complete sugar-manufacturing plant to be ready for delivery next December, and it seems almost incredible that the attorney general should consider section 75 as not being worthy of even a mention in his opinion.

He further says:

On December 6, 1909, the Philippine government concluded a sale which it had been negotiating for many months to the Havemeyer sugar-exploiting syndicate, now operating as the Mindoro Development Co., of New Jersey, with a capital stock of \$1,000,000. The land conveyed amounted to some 55,000 acres, and the question is whether or not the Philippine government, under act of Congress of July 1, 1902, entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," had the right to sell these lands in the manner indicated, and also, if the act be ambiguous, what was the intent and purpose of Congress when it enacted the law.

As hereinbefore stated, the negotiations of the Philippine government relative to this sale began on October 12, 1909, and ended on December 6 of the same year. Had the government sold the estate, as charged, to the Mindoro Development Co., of New Jersey, the Havemeyer Sugar Exploiting Co., or to any other corporation, its

action might properly have been subject to the severest criticism, but in point of fact the San Jose estate was sold to Mr. E. L. Poole, or his nominees, and in disposing of it, or of any part of it, he will be subject to the laws of the Philippine Islands, as will any person or corporation purchasing it, or attempting to purchase it, or any part of it, from him.

The only information possessed by the director of lands or by me relative to the relations, actual or proposed, between Mr. Poole and the Mindoro Development Co., is to the effect that sufficient land for a mill site will be sold to the company, which will mill and market the sugar products of the San Jose estate.

With these proposed transactions, we, as officials of the government, have nothing to do. Should a tract in excess of 1,024 hectares be sold or otherwise transferred to the Mindoro Development Co., or to any other corporation, the matter would come within the field of action of the attorney general of the Philippine Islands.

Finally, referring to the statement that—

The Mindoro Development Co. is the summum magnum of corporate infamies. It is an octopus with a tentacle for every source of sustenance. It is a criminal conspiracy under every law, common or statute, in this country. It is capable of superseding the government of any country in which it is permitted to do business, and if men intend the natural consequences of their acts, as they are said in law to do, the Mindoro Development Co. is intended to supersede the present government of the Philippine Islands—

Is not the fear that the Mindoro Development Co. is intended to supersede the present government of the Philippine Islands just a *wee bit* hysterical? Personally, I am of the opinion that it is. Representative Martin enumerates among the dire powers of this company the right to build lodging houses, boarding houses, stores, hospitals, schoolhouses, and to establish parks, places of amusement, places of entertainment, and places of instruction. Were it to do all of these things for the employees of its proposed great sugar mill and for their families, as I understand it contemplates doing, I believe that these people might well bear up under their wrongs, and that the insular government could continue to exist!

Representative Martin seems to have overlooked the fact that one of the things which this company *is not* authorized to do is to engage in agriculture, and just what it would do with the San Jose estate under these circumstances is not apparent to me. I am not an expert on charters, but this one looks to me rather reasonable for a concern which proposes to buy sugar cane and other agricultural products from a very large tract of land, to manufacture them, to market them, and to make liberal provision for the safety, comfort, and intellectual and moral advancement of its employees and their families. In order that others better qualified than I may judge as to whether

this concern is "the summum magnum of corporate infamies," "is a criminal conspiracy," "capable of superseding the government of any country in which it is permitted to do business," "the latest thing in trusts," "the ne plus ultra of corporate evolution," "would not be permitted to do business in the United States," and "is intended to supersede the present government of the Philippine Islands," I append, as Exhibit E, a certified copy of its charter.

THE CHARGE THAT SURVEY WORK ON THE SAN JOSE AND ISABELA FRIAR ESTATES WAS RUSHED TO FACILITATE EXPLOITATION AND THAT SURVEY WORK ON THICKLY SETTLED ESTATES HAS BEEN UNDULY DELAYED.

In this connection Representative Martin has made the following statements:

That having acquired these 400,000 acres of friar lands, instead of first surveying and dividing up the densely populated estates on which the dissatisfied tenants were giving the government trouble, the entire surveying force of the government was shipped to the island of Mindoro, where it spent something over five months surveying the uninhabited 55,000-acre San Jose estate, which now has been sold to the Havemeyer syndicate.

That surveys of many of the densely populated estates were allowed to drag along for over three years after the survey of the San Jose estate had been finished and two and one-half years after the survey of the unoccupied Isabela estate had been completed.

The little brown brother does not appear to have gripped any great quantity of these estates. They are 23 in number, which appears to have been an unlucky number for the Filipinos, for out of these 23 sales appear to have been made in small parcels on but 4 of the smaller, the Dampol (2,294 acres), the Binagbag (729 acres), the San Marcos (216 acres), and the Orion (2,163 acres), and aggregating less than 6,000 of the total of 400,000 acres. Not a single sale has been made on the Cavite estates, right at the doors of Manila. Provision was made in the friar-land act of April 26, 1904, for the survey of these estates, with the view to rapidly passing them into the ownership of the tenants and others in small tracts. But the survey began on the uninhabited and uncultivated San Jose estate and dragged along for years on the larger and partially occupied estates. Four years were consumed in surveying 400,000 acres of land, the densely occupied, which should have been first surveyed, being reserved for the last. Coincidentally laws were gotten even through a Filipino legislature which have been construed to nullify the organic law and to authorize the sale of these estates in bulk, although the vehement protests now being made by the Filipinos go to negative any such intent on the part of the legislature.

The Philippine Commission, by act No. 1120, dated April 26, 1904, authorized the survey, and a number of surveying parties were organized by the bureau of engineering and proceeded to make the necessary surveys. On July 27, 1904, the surveys having been completed, the consulting engineer made his report, which showed various shortages in area, amounting in all to 11,515 hectares. The friars accepted these surveys, and on October 5, 1904, deeds were passed and money paid for the Mindoro estate, the only one then owned by the Recoleta order. Deeds to 18 other estates were passed on October 24, and the questions

in dispute with the Dominicans were settled the following year, when the entire transaction was completed and title vested in the Philippine government.

As has been seen, the entire surveying force of the director of lands was rushed onto the uninhabited Mindoro estate in order to complete that survey first of all, instead of surveying the densely populated estates, the tenants of which were represented to be giving the government so much trouble eight years ago.

The survey of the Mindoro estate was commenced March 13, 1905, and completed August 27 of the same year. The next tract to receive the attention of the surveying force was the 28,000-acre San Francisco de Malabon estate, of which over 12,000 acres are reported as occupied. The survey of this estate was begun June 13, 1905, and less than 53 per cent of it had been completed in August, 1907. They next started in on the 45,000-acre Imus estate in July, 1905, and up to August, 1907, had surveyed 54 per cent of that. Forty-five per cent of the total area of the San Francisco de Malabon and 40 per cent of the Imus estate are reported as occupied, and yet the surveys were not completed until 1908.

From the report of the Philippine Commission of November 1, 1905, as heretofore quoted, it would be inferred that the chief of the bureau of public lands was pushing the work of surveying the thickly populated friar estates in order to carry out the intent of Congress and give title to small parcels to tenants, and thus remove, as the commission said, "a constant source of irritation to all concerned."

It appears, however, that the first work undertaken was the surveying of the totally uninhabited 55,000-acre Mindoro estate recently sold to the Havemeyer syndicate; *the second tract surveyed was the uninhabited Isabela estate, and that it was not until nearly three years after the friar estates were purchased that surveying was begun on any of the 21 inhabited estates.* In his annual report of September 12, 1905, Mr. Tipton said (vol. 2, p. 383):

"The surveying force of the bureau at present consists of 2 clerk surveyors, 8 transit men, 4 chainmen, and 2 draftsmen. * * * The force now appropriated for is inadequate to do the work required, and in the estimate for this year a substantial increase is asked for. 'This increase is essential if the work is to be kept anywhere near up-to-date. * * * The first work undertaken on the survey of the friar lands estate was in connection with the hacienda of San Jose, in southern Mindoro.'"

Even a year later the director of lands stated that the Mindoro estate was the only one for which application for registration has been made to the land court, for the reason that it was the only estate which had been surveyed. The following is from his report of August 10, 1906 (vol. 2, pp. 134-135):

"Preparation was also made for the registration of the estates in the court of land registration, but as this registration depends upon the surveys the San Jose estate in Mindoro is the only estate for which application has been made to the land court. * * * It was the original intention of the bureau to place agents upon nearly all of the estates purchased, but it was found that combinations could be effected whereby 10 agents could perform the necessary work, and accordingly, for the 22 estates actually administered, San Jose estate having no occupants and therefore not needing an agent, offices were established as shown by the following statement, which shows also location of office, number and names of estates administered, areas, and date of lease. * * *"

The annual report of the director of lands shows that when still another year had rolled around, the uninhabited Mindoro estate was the only one which had

been registered and that conditions with the renters had reached a critical stage.

The area of some of the friar estates was wholly occupied by renters, some only partially occupied, and two of the largest were unimproved, uninhabited wild lands, but 1 per cent of the Isabela estate being occupied, while the Mindoro estate was listed as being totally uninhabited. The uninhabited estates could give the authorities no trouble, and naturally the surveying parties would begin operations on the most densely populated estates. It would appear from the report of the Philippine Commission of November 1, 1905, to the Secretary of War, and by him transmitted to Congress, that the above-mentioned procedure had been adopted and was being carried out as rapidly as circumstances would permit. That report says (pp. 65-66):

Considering the representations which had been made to Congress, it hardly is to be presumed that the intent of Congress was that the Philippine surveying parties would rush into the uninhabited estates of Mindoro and Isabela and push those surveys through to the total exclusion of the densely populated estates. In the light of recent events, the fact that this was done would indicate that from the very outset the exploitation of the friar lands rather than the interests of the more than 60,000 renters thereon occupied first place in the minds of the Philippine officials.

After finishing up the work of surveying the uninhabited San Jose and Isabela estates and getting them into condition where they could be disposed of en bloc, the survey of the densely populated estates continued to drag along until 1908.

From the preceding table it will be observed that the only estates upon which the survey was completed in 1905 were the 71-acre detached portion of the Malinta estate and the uninhabited San Jose estate. The one small inhabited estate on which the survey was completed in 1905 had not been sold up to June, 1908.

Referring to the table, it will be seen that during the following year, ending June 12, 1906, the surveys were completed on 13 different tracts of friar lands, covering an area of about 6,000 acres. These tracts can be divided into two classes. One class includes the 3,110 acres contained in the little Dampol, Binagbag, and San Marcos estates, which are separate and distinct estates, each complete in itself and none of them being of sufficient size to attract exploiters. On these estates some sale certificates have been issued, but not until 1908, some two years after the surveys were completed.

The 10 other tracts, covering 3,150 acres, adjoin friar estates which cover some 24,000 acres. All of these 10 tracts, as well as the larger ones which they adjoin, are reported as being densely populated, three of them being reported as 60 per cent occupied and one as 95 per cent occupied. Although the surveys of these densely populated estates were completed in 1906, not a sale certificate had been issued on any one of these 10 estates when the director of lands made his annual report of June 12, 1908. It would seem to be a reasonable conclusion that inasmuch as these 10 tracts of friar lands adjoin friar estates covering 24,000 acres, instead of issuing sale certificates on them, they are to be turned over to favored exploiters who will purchase the land en bloc and continue to hold the natives as tenants and compel them to furnish cane for the sugar mills at prices and on terms to be fixed by the former.

Coming down to the surveys which were completed in 1907, we see that the surveys which were completed during that year cover eight friar estates. The combined area of the eight estates is 100,000 acres, 49,000 of which is comprised in the uninhabited Isabela estate, recently reported as sold en bloc to a wealthy tobacco corporation. All of the other seven estates surveyed in 1907, and

covering over 40,000 acres, are reported as being densely populated, not less than 70 per cent of any one of them being reported as occupied, and from that up to 95 per cent. Notwithstanding the fact that the surveys of these seven estates had been completed prior to the publication of the director of lands' annual report of August 5, 1907, when, on August 17, 1908, he issued his next annual report not a sale certificate had been issued on any of the number except the little 2,100-acre Orion estate.

At the end of the fiscal year 1907, aside from the uninhabited Mindoro and Isabela estates, 150,000 acres of the friar lands had been surveyed, estates covering nearly 50,000 acres have been completely surveyed, and yet a year later, in August, 1908, sale certificates had been issued on but four small estates. This in the face of the statement of the Philippine Commission made two years before to the Secretary of War and by him submitted to Congress that—

“During the year the bureau of lands has devoted itself with great energy to causing these lands to be surveyed. * * * There is now every reason to believe that most of the occupants will end their leases by becoming purchasers, and will be contended landowners instead of discontented and repudiating tenants.”

Probably they would if given the opportunity.

His speech also contains other references to this subject, but his contention is fairly well summed up in the following paragraphs:

Considering the representation which had been made to Congress, it hardly is to be presumed that the intent of Congress was that the Philippine surveying parties would rush into *the uninhabited estates of Mindoro and Isabela and push those surveys through to the total exclusion of the densely populated estates*. In the light of recent events, *the fact that this was done* would indicate that from the very outset the exploitation of the friar lands rather than the interests of more than 60,000 renters thereon occupied first place in the minds of the Philippine officials.

After finishing up the work of surveying the uninhabited San Jose and Isabela estates *and getting them into condition where they could be disposed of en bloc, the survey of the densely populated estates continued to drag along until 1908*.

Representative Martin misunderstands, or very grossly misrepresents, both the nature of the surveys made on the San Jose and Isabela estates and their object.

In accordance with an agreement entered into with the friars, the Government was at liberty to have its own engineers survey the boundaries of all friar estates in order that it might determine accurately the area of each. Such boundary surveys had been completed for the remaining 21 estates, but *had not been made on the San Jose and Isabela estates*. It was obviously essential that they should be made as soon as possible in order that the government might know how much land it was buying before it paid for it. A further reason for doing the work on the San Jose estate at this time was that on visiting it I had met a Recoleta lay brother who had resided on it for some 14 years, but was expecting to leave in the near future when the estate changed hands. He very kindly offered to assist a survey party in locating the boundary monuments, which were buried in tropical

vegetation and could hardly have been found without his help. He further offered us the benefit of his local knowledge as to where water for irrigation could most advantageously be obtained, stating that he knew of a place where the running of a short tunnel would furnish an abundant supply. I accordingly ordered a survey party to proceed at once to run and mark the boundary lines of the estate, and further directed that enough topographical lines be run to determine roughly how much land could be brought under irrigation. The exact nature of the work performed is shown by the second map contained in Exhibit G, and the utter absurdity of comparing such a boundary and rough topographical survey with the parcel survey necessary on a thickly settled estate will become apparent on comparing this map, representing all the survey work that has ever been done on the San Jose estate, with any map of a thickly settled estate, such as the Santa Rosa estate. (Exhibit H.) The work was completed promptly because there was very little of it.

Had there been tenants on the San Jose estate their holdings would have been surveyed at this time as a measure of economy; but there were none, the few persons residing there having been employed by the Recoletos as cattle herders and laborers.

While it sounds imposing to state that "the whole force of the bureau of lands was put on this work," the fact is that the entire field force of the bureau at this time amounted to *one survey party*. *Other survey parties were organized as rapidly as surveyors could be found and funds secured for their employment and these parties were promptly set to work on parcel surveys of the thickly populated estates.*

It is a common expedient to place in parallel columns the more or less contradictory statements of an opponent, but it is indeed seldom that a man is careless enough to so place contradictory statements of his own. Representative Martin has done this. In the second column of page 8503 of the Congressional Record, near the bottom of the page occurs his statement that—

It hardly is to be presumed that the intent of Congress was that the Philippine surveying parties would rush into the uninhabited estates of Mindoro and Isabela and push those surveys through to the total exclusion of the densely populated estates. The fact that this was done [etc.].

At the top of the following page he gives a table designated "Progress of the survey of friar-land estates," which shows incidentally, and doubtless accidentally, when surveys were begun on all the estates. *In this table the fact is clearly set forth that surveys were commenced on the San Francisco de Malabon, Imus, Dampol, Guiguinto-Alang-Yling, Malinta, Lolomboy-Pasolo, and Guiguinto-Barihan estates before the Isabela estate was touched.* In other words, the Isabela estate was the *ninth* estate taken up, instead of the *second*. *The San*

Francisco de Malabon and Imus estates are thickly populated, and the remaining five estates, which were taken up before work on the Isabela estate began, are completely occupied. These contradictory statements should at least have been more widely separated!

The fact is that the work on the Isabela estate was *unduly delayed* as no boundary survey had previously been made and one was imperatively necessary. The reason for the delay was that the estate was very inaccessible and it was difficult and expensive to send a survey party there. In the end only a single man was sent, in place of the usual party of eight or ten persons, and he was compelled to recruit his force as best he could after arrival in the province of Isabela.

There were a very limited number of occupants on the Isabela estate, and their individual holdings were surveyed as a matter of economy. The unoccupied portion of the estate was divided into rectangular plats of 500 hectares, preparatory to its sale in divisions of this size or its further subdivision, as might prove desirable. As in the case of the San Jose estate, the field work was finished promptly, for the reason that there was so little of it to do, the date of completion being June 13, 1907.

The fact that work on this estate was NOT rushed will be realized when it is stated that although the field notes were received in Manila on June 13, only the boundaries were platted at the outset, and the balance of the office work was not finished until November 30, 1908, before which time the field and office work on five thickly settled estates had been completed.

It is obvious that the nature of the surveys of these two estates was such as to leave both in condition for sale "en bloc," as stated by Representative Martin, the only prerequisite for such sale being a boundary survey. But until June 3, 1908, there existed a *provision of law* which prevented their sale "en bloc;" or the sale of any occupied portion of them to persons other than occupants; or the sale of more than 40 acres, whether occupied or unoccupied, to any individual; from which it would appear sufficiently evident that if the consummation then sought was to sell these estates to wealthy syndicates it would have been better to amend the law rather than to rush the surveys.

Furthermore, the sole legislative body of the islands was the Philippine Commission, composed of five Americans and three Filipinos. Its first presiding officer was William H. Taft, now President of the United States, and believed by Mr. Martin to be the original conspirator in this matter of the alleged improper sale of friar lands.

Why wait until June 3, 1908, when the necessary iniquitous legislation must be submitted to the Philippine Assembly, composed of 81 Filipinos, and must be passed by said assembly before it could become law, instead of having it passed at the outset by the Philippine

Commission, a majority of whose members were Americans? There is of course no satisfactory answer to this question.

Complaint over the delay incident to the survey of individual holdings on the friar estates, and their sale to occupants, has not been confined to Representative Martin. On the contrary, the Washington authorities have from time to time manifested impatience over the time occupied in the performance of this work and the cost involved.

It has apparently been impossible, even for the Government officials at Washington, who were presumably willing to believe that the secretary of the interior and the director of lands were trying to do their best in the matter of expediting this very important work, to appreciate at their full value the difficulties which have been met and overcome and the delays which have necessarily resulted.

The director of lands and the secretary of the interior have done all that they could to expedite the work of surveying and selling individual holdings on the friar estates, and believe that they have accomplished all that it was possible to do with the means at their disposal.

The course of events may be briefly outlined as follows:

At the outset efforts were concentrated on persuading tenants to accept temporary leases and thus recognize the title of the government. For a long time they had successfully defied the friars and had occupied their holdings without the payment of any rents. Later they had been informed by demagogues and agitators, and doubtless many of them actually believed, that these lands were really theirs or that the government would donate their holdings to them if they held out a little longer in their refusal to pay rent. It was, therefore, in many instances, extremely difficult to get them to recognize the title of the government or to pay any rents whatsoever, and every day's delay made the situation worse.

To the end that it might be more speedily terminated, and in view of the necessarily long period which must elapse before surveys of the very numerous individual holdings could be made, and the sale values fixed as provided by law, *the statements of the tenants themselves as to the extent and value of their holdings were accepted as true, and the first leases issued were based thereon.* Thus began the harsh dealings of the government with the occupants of friar estates.

It was only natural that tenants should take a *conservative* view of the extent of their holdings, and as the actual survey work progressed, it was found in many, indeed in most, cases that the land claimed was materially in excess of the amounts stated by tenants, and that classification as to character had been unduly low.

As soon as possible after individual holdings were platted, planimeter surveys were made and their areas were thus determined with a considerable degree of accuracy. The old leases were then

canceled and new ones based on the areas as determined by planimeter were issued. The cry then went up that *we were raising rents*. Many tenants were at first disinclined to accept the new leases and it took some time for the resulting agitation to subside. Later yet, final and accurate determinations of the areas of individual holdings were made and their true values were determined by the method prescribed in the friar-lands act and the regulations thereunder. New leases again became necessary as, with few exceptions, occupants had understated the value of their lands. This caused further trouble and used up more time. Finally, many tenants insisted at the outset that they were unable to lease their holdings, but wished to buy them at once. This claim was preposterous, in view of the fact that the annual rentals paid under lease, which they claimed they could not meet, were much less than would have been the annual installments of the purchase price, which, under the law as it then stood, they would have been compelled to pay; *and the absurdity of their request was heightened by the fact that the rentals paid would, under the law and regulations, constitute part payment on the purchase price* in the event that the purchase was consummated at a later date, so that the result of an immediate purchase would have been to increase the annual payments which were already so large that they claimed they could not meet them. Every possible means was utilized to explain these facts to them and the agitation ultimately subsided.

A most serious difficulty was encountered in the very large number and extreme irregularity of the holdings. To illustrate this fact a plat showing a sample 300-hectare tract on the Lolomboy estate is submitted herewith. (Exhibit I.)

From this plat it will appear that the 300 hectares, or 750 acres, shown were divided into not less than 184 lots, the total number of corners being 5,351, and the average number of corners per lot 12.8. All efforts to persuade occupants to readjust their holdings so that they might conform even roughly to a rectangular system of plats, failed.

The location of individual bamboo clumps and coconut or mango trees were determining factors with them in the delimitation of their holdings and their wishes were acceded to. Had they been willing to readjust their holdings so as to conform even roughly to a rectangular system of surveys, long delay and heavy expense would have been avoided.

A further and very serious difficulty arose in many cases from inability to get any statements from occupants as to their holdings, or to get two consecutive statements which agreed approximately with each other. Occupants would insist on attempting to describe their holdings from a distance, and would absolutely refuse to go on the ground and show a survey party what they claimed.

Only too frequently holdings once surveyed had to be resurveyed on account of changes in the statements of owners or of conflicting

claims. Very numerous resurveys were made on account of subsequent subdivisions of land agreed to between members of families, or because of subdivisions resulting from the claims of heirs of deceased persons. In numerous cases individuals attempted to sell their holdings before they had acquired title to them, while in other instances the preference rights to purchase, which went with the leases, were found to be worth more than the sale value of the land fixed in accordance with law, and were therefore salable, and, in point of fact, were bought and sold.

In considering the time occupied by the friar-land surveys allowance must be made for the difficulty incident to running lines through rank tropical vegetation of 8 or 10 years' growth; for the hardships involved in field work in the glare of a tropical sun; for the interruptions caused by the violent storms known as typhoons, and for those necessarily incident to the rainy season. I am informed that in India, where similar conditions prevail, survey work is entirely suspended during the rainy season. This has never been done here, although there have been instances of surveyors going three weeks without a single sight at the sun.

At no time while the field work on these surveys was in progress did the director of lands have the number of men which he deemed necessary in order properly to expedite it. This lack was at first due to the fact that a sufficient number of competent surveyors was not obtainable in the Philippines; and later to the fact that neither the Philippine Commission, when it was the sole legislative body, nor the subsequently created Philippine Legislature, with 85 Filipinos among its 90 members, would make the appropriations necessary to rush the work as fast as the director of lands and I desired.

The plain fact is, that until the completion of the field work on the friar-land surveys the other survey work of the government, necessary in connection with free patents, homesteads, sales, leases, mining claims, sites for public buildings, etc., was necessarily sadly neglected to the end that the friar-land surveys might be expedited. In this connection I invite attention to certain of the indorsements placed upon a request of the provincial board of Lepanto-Bontoc, dated January 25, 1907, to the effect that the bureau of lands extend to that province the system of surveys then being carried out in the neighboring province of Benguet.

[Third indorsement.]

DEPARTMENT OF THE INTERIOR,
Baguio, March 29, 1907.

Respectfully returned to the director of lands. *Can this survey be made without prejudice to the survey of the friar lands, which seems to be of very first importance at this time?* These papers should be returned to the honorable the secretary of the interior.

JAMES F. SMITH,
Acting Secretary of the Interior.

[Fourth indorsement.]

BUREAU OF LANDS,

Manila, April 3, 1907.

Respectfully returned to the honorable the acting secretary of the interior, with the information that this survey can be made without prejudice to the survey of the friar lands.

In the last estimate for appropriation the proposition of completing the friar-land surveys in one year was presented to the commission, who decided that the two-year basis for the completion of the field work was the more economical basis and the surveys are being prosecuted with the intention of completing the friar-land surveys June 30, 1908.

The bureau has been successful in filling its vacancies with men who are doing survey work, and the survey party spoken of herein was placed in Benguet Province under instructions of the secretary of the interior, for the purpose of assisting the more ignorant natives in the preparation of their free-patent applications and in my opinion should continue in this work, but can also carry on the survey herein recommended in conjunction therewith, the time in which free-patent applications may be filed having been so extended that this survey party will be able to cover all the territory originally intended.

C. H. SLEEPER,

Director of Lands.

[Fifth indorsement.]

DEPARTMENT OF THE INTERIOR,

Baguio, May 2, 1907.

Respectfully returned, through the director of lands, to the provincial secretary treasurer, Lepanto-Bontoc, inviting attention to the second and fourth indorsements hereon.

Should no unforeseen contingency arise, the undersigned will direct that upon completion of the survey work now in progress in the province of Benguet the party which has been performing it undertake similar work in the province of Lepanto-Bontoc. As appears from the indorsement of the director of lands, the primary object of this work is to assist ignorant natives to make out their free-patent applications with a view to the subsequent application of all the provisions of the public-land act to the province of Benguet after the natives have been fully protected in their rights. A similar policy with reference to the province of Lepanto-Bontoc has been contemplated by the undersigned from the outset and will be carried out as soon as practicable.

DEAN C. WORCESTER,

Secretary of the Interior.

I have already called attention to the fact that although Representative Martin's speech was delivered on June 13, 1910, his statistics relative to the progress made in leasing and selling friar lands are for the period ending July 1, 1908. The number of leases outstanding at a given time is necessarily subject to fluctuation. One cause of such fluctuation has been the activity of demagogues, who have several times succeeded in temporarily convincing the inhabitants of given estates that there was no necessity for leasing their lands. Other causes have been given on page 1120.

The progress which has really been made in disposing of the friar lands is best appreciated if the total number of leases and sales certificates at any given time is taken into account. The following table giving the number of leases and sales by quarters from and including June 30, 1905, to June 30, 1910, shows the steady progress which has been made in selling and leasing these lands:

Date.	Leases.	Sales.	Total.	Date.	Leases.	Sales.	Total.
June 30, 1905	456	.....	456	Mar. 31, 1908	22,437	.....	22,437
Sept. 30, 1905	2,383	.....	2,383	June 30, 1908	20,652	446	21,098
Dec. 31, 1905	4,693	.....	4,693	Sept. 30, 1908	19,841	642	20,483
Mar. 31, 1906	10,247	.....	10,247	Dec. 31, 1908	21,166	1,656	22,822
July 1, 1906	18,685	.....	18,685	Mar. 31, 1909	22,482	1,661	24,143
Sept. 30, 1906	20,445	.....	20,445	June 30, 1909	20,983	5,785	26,768
Dec. 31, 1906	21,473	.....	21,473	Sept. 30, 1909	26,631	6,134	32,765
Mar. 31, 1907	21,869	.....	21,869	Dec. 31, 1909	27,938	6,887	34,825
June 30, 1907	22,229	.....	22,229	Mar. 31, 1910	28,410	6,970	35,380
Sept. 30, 1907	22,921	.....	22,921	June 30, 1910	21,271	14,990	36,261
Dec. 31, 1907	21,963	.....	21,963				

THE CHARGE THAT THE SALE OF THE SAN JOSE ESTATE HAS BEEN FOLLOWED BY SIMILAR FRIAR LAND SALES, AND THAT ALL FRIAR LANDS ARE INVOLVED IN A GIGANTIC PLAN OF EXPLOITATION.

In this connection Mr. Martin has made the following statements, among others:

I shall now proceed to show that we have only been playing about the edges of this question; that the San Jose estate deal is only a lead; that the mother body is nothing less than, barring, perhaps, Alaska, the biggest exploitation scheme conceived in this country in years; that all the friar lands are involved, and that even they are but an incident in the general plan of exploitation of the Philippine Archipelago. As I spent several months digging at the grass roots, I shall ask you to spend several minutes following their leads to the parent ore.

This inquiry began with the sale of one of the friar estates; it has disclosed that nearly all of them are involved. Sales to tenants have been made on but a few of the smaller of the 23 friar estates. Havemeyer has the San Jose estate; the Dillingham sugar interests of Honolulu have the Calamba estate, which caused the Philippine insurrection of 1896 and led to the purchase of the friar lands after the Spanish-American War of 1898; a lawyer, representing some undisclosed interest, has the Isabela estate; the executive secretary of the Philippine government, incredible though it may seem, has the Tala estate; the Spreckels sugar interests are on the ground to purchase other estates; and the movement is on for the purchase and exploitation of all of them by American capital under the free-trade act passed at the first session of this Congress. A corporation, clothed with unlimited powers, has been formed and turned loose in the Philippine Islands; and the Filipinos are protesting in masses against a movement which they regard as the deathblow to the last hope of Philippine independence, a step that at least should not be taken until this country has determined its final purpose in the Philippines. This, in a nutshell, is the situation there.

ALL FRIAR LANDS INVOLVED.

One of the defenses to the sale of the San Jose estate which appears in every statement thus far made by the War Department, as well as upon the floor of the House, is that it was remote, uncultivated, and unoccupied, and therefore a loss to the Philippine government, which must meet charges on the land-bond issue. About 200,000 acres of the friar lands were said to be unoccupied, and therefore in contemplated sale in large tracts. It is obvious, of course, although seemingly overlooked by the administration, that if the unoccupied land is unprotected by the limitations, neither is the occupied; and the acquisition of the latter will be merely a matter of buying out and freezing out the little fellows, as is being done in Porto Rico.

For some time the San Jose estate appeared to be the only property already affected. Then it came to light that the Tala estate (17,000 acres), in the Island of Luzon, had been leased under a contract of sale to an unnamed purchaser, and that the Isabela estate (45,000 acres), Island of Luzon, was under option to one W. H. Lawrence. One W. H. Lawrence is a lawyer in Manila; therefore it is a safe wager that one W. H. Lawrence, of Manila, like "one E. L. Poole, of Habana," is merely an agent. He is reported to represent Philippine tobacco interests. The options given on partially occupied estates are progressive in character, the unoccupied portion passing at once, with provision for the passing of the occupied portions as soon as the little brown brother loses his grip.

But I can only touch upon these features. Whatever the causes, our friar-land policy in the Philippines has been a complete failure. These lands were acquired in bulk, to be broken up among the tenants in parcel. Instead, they are to be converted into peon plantations, and their last state will be worse than their first.

Digested to a paragraph, I charge that the Department of War, with the approval of the Attorney General, and at the behest of improper influences, authorized the Philippine government to sell to representatives of the sugar trust the 55,000-acre San Jose friar estate, in the Island of Mindoro, in violation of the organic law of the Philippine Islands and of the declared colonial policy of the United States, that this sale has been followed by similar friar-land sales; and that these sales are but incident to a general scheme of Philippine exploitation by foreign capital upon a vast scale.

This is, indeed, a mournful picture. What are the facts?

Friar lands may be divided into two classes—*occupied* lands claimed by former tenants of the friars, or desired by settlers who were never tenants of the friars, but who squatted upon them during the insurrection, or subsequent thereto, and who wish to lease or purchase their holdings; and *unoccupied* lands not inhabited, cultivated, or claimed by any person.

The total area of friar lands is 391,265 acres. The total area of friar lands occupied by tenants is approximately 145,940 acres. On July 1, 1910, 63,185 acres of occupied land had been sold to the occupants, 82,755 acres had been leased to the occupants, *the lease in each case conferring upon the lessee the preferential right to purchase his holding*, giving a total of 145,940 acres. In other words, every occupant of a piece of friar land had either purchased his holdings.

or was in possession of them under lease with the right to purchase, so that Representative Martin's solicitude for the occupants of these estates is entirely needless.

There remain to be accounted for 245,325 acres of unoccupied, unclaimed land, of which 62,004 acres have been sold, 68,617 acres have been leased, the lessee having in each instance the preferential right to purchase, and 114,704 acres, less the amount taken up by streams, reservoirs, roads, etc., still remain open for "exploitation." These simple facts, which can be verified by anyone who cares to take the trouble, afford a sufficiently conclusive reply to the extraordinary charges made by Representative Martin in this connection, but I shall proceed to reply to them in some detail.

I have already stated that all sales of friar lands have been made by the director of lands and myself acting upon our own initiative, and that the only action taken in the premises by the Washington authorities was such as temporarily to delay, but ultimately to approve, the sale of the San Jose estate. This subject need not be further discussed.

The charge that the sale of the San Jose friar estate has been followed by similar friar-land sales, is true to the extent that 3,462 acres of the Santa Rosa estate have been sold to Mr. Harry Rosenberg, a business man of Manila, acting for Mr. A. F. Thayer, and *only* to this extent. No other large sale of unoccupied friar lands has been made.

Representative Martin states that the Isabela estate is under option to W. H. Lawrence, whom he characterizes as a mere agent, reported to represent Philippine tobacco interests.

Conditions on the Isabela estate are substantially the same as on the San Jose estate, except that the transportation problem on the latter estate is comparatively simple, while on the Isabela estate it is very serious. *The limited number of tenants have all purchased their holdings.*

The *unoccupied portion* of the estate amounting to 48,621 acres has been leased to Edward B. Bruce for a period of one year from January 1, 1910, at a purely nominal charge of \$100. The lease carries with it the preferential right to purchase, and the object in issuing it was to give Mr. Bruce what is, in effect, an option on the estate, so that he would be justified in inaugurating scientific investigations relative to its capacity for producing tobacco and other agricultural products. A true copy of the lease is appended hereto as Exhibit F. It will be noted that if Mr. Bruce does not buy the land the results of the scientific investigations become the property of the government.

I am informed that Mr. Bruce represents Mr. M. Lowenstein, Mr. W. H. Lawrence, and Mr. Walter E. Olsen, reputable business men of the city of Manila, and *not* members of a corporation or association of persons authorized to engage in agriculture. We hope that he will

purchase the estate and will sell it to these gentlemen or to other persons who will develop it.

Representative Martin's feelings will doubtless be further lacerated when he learns that reports thus far made on the Isabela estate are not favorable, so far as regards its tobacco-producing possibilities, *but do seem to indicate that the land is admirably adapted to the production of sugar.*

The charge that the *Tala estate (17,000 acres)* has been leased under contract of sale to an *unnamed purchaser* is unqualifiedly false. The native tenants on this estate have already purchased their holdings, amounting to 11,955 acres. Executive Secretary Frank W. Carpenter has leased 5,025 acres, with the right and obligation to purchase, and no unoccupied land remains on this estate.

Mr. A. F. Thayer has leased 9,755 acres on the Calamba and Biñan estates, with the right to purchase. This land is in 138 parcels. A sample of his leases is appended as Exhibit Bb. Like all other ordinary friar-land leases, with which these are identical in form, they are held by us to convey the right to purchase.

The only other lessees of unoccupied friar lands in tracts of any considerable size are Gen. Emilio Aguinaldo (formerly president of the so-called Philippine Republic), who has 2,640 acres on the Imus estate, and Señor Arturo Dancel (a Filipino, ex-governor of the province of Rizal, and now employed as a land inspector), who has 1,452 acres on the Piedad estate. Señor Dancel was not an employee of the government at the time he leased this land.

These facts will not satisfy Representative Martin, who claims that even the lessees of the *occupied* portions of the friar estates are to be dispossessed. A reply to this contention will be found beginning on page 1120.

CHARGES IN CONNECTION WITH THE ALLEGED SALE OF THE CALAMBA ESTATE.

On this subject Representative Martin has made the following statements among others:

THE HISTORIC CALAMBA ESTATE.

I can not pass from the friar lands without further mention of the Calamba friar estate, the sale of which has aroused a storm of protest in the Philippines. The story of this estate is one of the historical tragedies of the Philippines. It is not, like the San Jose estate, "wholly unoccupied." It can not be said that "the Christian civilized inhabitants of the island (Luzon) are very few in number." It is not "evident to anyone acquainted with the conditions that if the sale of this estate was restricted to small 40-acre sections it would not be disposed of within the life of the bonds issued for its purchase by the government."

These conditions were urged in justification of the sale of the San Jose estate in the island of Mindoro. It might be admitted, in that case, that they were

true, without affording any justification whatsoever in law or policy for the sale of the estate. But the Calamba estate is situated within 30 miles of Manila and on a railroad. It is one of the oldest estates in the Philippines. It is one of the richest. It is beautifully located on lakes and living streams of water. Above all, it has been a pivotal point in modern Philippine history. Before the finger of fate had ever pointed this Republic toward the Orient it had cost the most precious blood in the Philippine Archipelago.

For the Calamba estate was the crux, if not the *casus belli*, of the Philippine insurrection of 1896. A bitter controversy had long raged between the noted Rizal family and their tenants, on the one hand, and a religious order, on the other, over the question of the ownership of this estate. And this feeling finally resulted in the Philippine insurrection of 1896. During the insurrection Jose Rizal, whose name is now revered as that of the first citizen and patriot in Philippine history, was seized by the Spanish arms, court-martialed, and shot to death on the Luneta at Manila. His execution occurred on December 31, 1896, and that day is now set apart and consecrated to the memory of the man as a martyr to the cause of patriotism and liberty. After the Spanish-American War this estate became the crux of the negotiations to purchase all the friar lands and sell them to the people. This estate was as prominent as a moving cause in these negotiations as it had been in the insurrection of 1896.

Yet on April 15 last American press dispatches from Manila announced the sale of 20,000 out of the total of 33,000 acres of this estate to the Dillingham sugar interests of Honolulu. The first dispatch to this effect appeared in the New York Times, Philadelphia Public Ledger, and other papers as follows:

"MANILA, April 14.

"Agents for the Dillinghams of Honolulu have purchased 20 000 acres in Laguna Province, where it is proposed to establish a sugar plantation and to erect a large grinding mill. The property includes the Calamba friar estate and has rail and water connections with Manila. The price paid for the land averaged \$20 per acre."

The same news item appeared in American trade bulletins. But the Secretary of War, by letter of May 5, 1910, to Congress, and which is now part 2 of House Document 804, made only this mention of the matter:

"One application has been made to purchase 1,200 hectares (3,000 acres) by Thayer, said to be agent of Dillingham."

This statement is characteristic for its lack of frankness as well as information. Who is Dillingham? Does it appear from the foregoing statement? Is Dillingham to be understood in the singular as given in the statement or in the plural as given in the press dispatches? Are the Dillinghams doing business as a corporation? Was there on May 5 merely an application pending in the Philippine bureau of public lands to purchase 3,000 acres of this land, or had the agreement then been entered into? And was the agreement for 3,000 acres or for more? Was it a progressive agreement, as in the case of the Tala estate, so that eventually the purchaser may acquire all of it? But perhaps it would simplify matters to ask if it is possible for the War Department to make a full and truthful and positive statement about any of these matters touching the Philippines. So far as the merits of this controversy are involved, it is a matter of indifference whether the truth would disclose an application for 3,000 acres or the sale of the entire estate, for either fact would effectually establish the breakdown of the administration of these lands.

Perhaps the front page, with seven-column head, of the Manila Times of Thursday, April 14, 1910, tells the truth:

TWENTY THOUSAND ACRES OF SUGAR LANDS ARE BOUGHT BY HAWAIIANS—P3,000,000 WILL BE PUT INTO MILLS AND DEVELOPING ESTATE—HUGE INDUSTRY TO BE CREATED WITHIN 30 MILES OF MANILA IN THE NEXT 18 MONTHS.

"Three million pesos of Hawaiian capital will be spent in the development of a 20,000-acre sugar plantation within 30 miles of Manila in less than 10 months, according to a report current this morning that the Dillingham interests of Honolulu, through their agent, Mr. A. F. Thayer, had taken over the Calamba estate, comprising 10,000 acres of friar lands, and had contracted for 10,000 acres additional in public and private lands adjoining the estate.

"These lands are located in Laguna Province and have superb water facilities, as they front on the lake and have two rivers flowing through the property that will furnish upward of 50,000 barrels a day. This will enable every acre of the land to be irrigated after the Hawaiian system, which has proved such a success."

* * * * *

"That the Calamba estate has been sold is evidenced by the work already under way on the plantation, where roads looking to its planting in sugar now are being cut across the fields."

* * * * *

If it were not for the fact that the honorable Secretary of War in a letter to Congress on May 5, 1910, had stated that there was only an application on file to buy 3,000 acres of the Calamba estate, I would be inclined to credit the foregoing important item of local news in the unofficial organ of the administration on April 14, 1910, and the statements in the issue of the same paper of April 22, that the archipelago is in a ferment over the sale, but perhaps the ethics of the situation require that I reserve a doubt as to the truth of the publication, which I do all the more reluctantly, since I have heretofore secured more reliable information about Philippine land matters from the public press than from the War Department.

In his anxiety to show how rapidly the friar lands are being turned over to greedy corporations, Representative Martin has unwittingly made out that the Calamba estate has been disposed of to two different ones, namely, "The Manila Railway Co., the Speyer syndicate, of New York," and "the Dillinghams of Honolulu."

This estate is among those to which the friar-land fund was extended, and which he charges in the passage quoted on page 33 have been taken possession of by the Manila Railway Co. If this is the case, there ought to be a battle royal between this company and the Dillinghams, for he says specifically: "The Dillingham sugar interests of Honolulu have the Calamba estate."

And why, pray, are we not criticized for selling this estate to the Dillinghams after allowing the Speyer syndicate to take possession of it?

After this further proof of the utter unreliability of Representative Martin's statements, it seems a work of supererogation to reply in detail to his further charges concerning the Calamba estate, yet I will do so.

First. I must call attention to the fact that in speaking of the *sale* of the Calamba *estate*, Representative Martin has indulged in one of his usual sophistries. On July 1, 1910, the *occupied portion* of the

Calamba estate, amounting to some 7,190 acres, had been leased to the occupants, with the right to purchase their holdings. Eight thousand two hundred and eighteen acres of unoccupied lands had been leased to Mr. A. F. Thayer, with the right to purchase. He is claimed by Representative Martin to be the agent of "the Dillinghams." The remainder of the estate, amounting to 18,775 acres, was unoccupied and not sold or leased. Mr. Thayer had bought none and had leased only 8,218 of the 34,183 acres included in the estate. As previously stated, his leases give him the *right* to purchase.

As an American citizen doing business in these islands, Mr. Thayer has a lawful right to hold the lands which he has leased. Should he buy them and subsequently attempt to dispose of his holdings to a corporation or corporations in tracts larger than a corporation may lawfully hold, the matter would doubtless be dealt with by the attorney general of the Philippine Islands. We have no reason to believe that Mr. Thayer has any such intention, and it is not apparent that we should refuse to lease unoccupied friar lands to an individual because some imaginative person fears that he may later on buy these lands and then transfer his rights to corporations which may not lawfully receive them.

Representative Martin says:

The sale of the Calamba estate has aroused a storm of protest in the Philippine Islands.

He adds:

Exhaustion appears not to have overtaken the opposition as late as Saturday last, for on that day I received a cablegram from Manila stating that the Filipinos in mass meeting had adopted resolutions of protest against the sale of the friar estates.

There has been no "storm of protest" in the Philippine Islands, and the statement that as late as Saturday last (June 11) the Filipinos in mass meeting had adopted resolutions of protest against the sale of the friar estates will bear looking into a bit.

La Vanguardia, the most radical of the Filipino newspapers, in its number for June 14, 1910, contained the following news item relative to the meeting (for Spanish text see Exhibit K):

[Translation.]

AGAINST THE GREEDY OCTOPUS—EFFECT IN CONGRESS.

The message or telegram of adhesion sent by the Filipino citizens who attended the popular meeting organized by the *law students* of this capital has produced its natural effect in the Congress of the United States, to judge from the following cable dispatch of the Cablenews:

“ WASHINGTON, June 13.

“ The telegram sent by the organizers of the mass meeting held in Manila to protest against the sale of the friar estate to the *trusts* has produced great

excitement in Congress. The message was read by Representative Martin and produced a profound impression. It has been the subject of a great deal of discussion on the part of the Representatives, and the radical press has commented extensively on the matter."

The telegram sent to America by the executive committee, composed of the Señores Quintín Salas, Nicanor Gregorius, Ciriaco Kangleón, Vincente Jiménez, Rosendo Llamas, Emigdio Achacoso, and Antonio Clímaco, all law students, is couched in the following terms:

"Representative MARTIN, *Washington*:

"Popular meeting adheres to campaign against sales estates. Resolution by mail.

"COMMITTEE."

The students have further informed us that, in addition to the persons mentioned in former lists, the following have contributed toward the expenses: A friend, D, ₱0.50; La Vanguardia, ₱5; Venancio Cudilla, ₱2; Lucio Villareal, ₱0.50; La Democracia, ₱5; National Progressive Party, ₱15; various leaguers, ₱7; total, ₱35.

La Democracia, the other leading Filipino paper, contained the following news item in its number for June 14, 1910 (for Spanish text see Exhibit L):

[Translation.]

THE FRIAR LANDS—THE PROTESTANTS AGAINST THE SALE CONTINUE THEIR LABOR AND HAVE NOW MADE THEIR VOICES HEARD IN THE AMERICAN CONGRESS ITSELF.

The Filipino youths who, headed by the *law students* of this capital, have entered upon a vigorous campaign in opposition to the sale to the trust of the friar lands and other lands that are the property of the state are continuing their meritorious and highly patriotic labor, without giving any heed to the indifference of some nor to the discouraging words whispered to them by conservative parties. With the scanty funds that they have succeeded in getting together among themselves and from among the Filipino organizations which have offered to help them in their noble efforts, they have sent the following brief, but expressive, cablegram to Representative Martin:

"Representative MARTIN, *Washington*:

"Popular meeting adheres to campaign against sale estates. Resolution by mail.

"COMMITTEE."

This dispatch reached its destination, and the person to whom it was addressed has made it public, not only in the midst of his friends, but in the very midst of Congress, of which he is at present a Member.

The effect produced by the reading of it was sensational, so another cablegram affirms, received by a local American newspaper, the *Cablenews-American*, which reads as follows:

"WASHINGTON, *June 13*.

"The cablegram sent by a popular meeting to Representative Martin, of Colorado, has produced a big sensation in Congress. The message was read to-day in the House by Representative Martin, and the reading of it made an impression, it being now the subject of a great deal of discussion among the

Members of the said House. The antigovernmental newspapers have commented extensively on the same."

The collection of funds continues, and, to the previous list of persons and organizations that have offered to subscribe some amount toward the success of the efforts that are being made, the following are to be added: An unknown, ₱0.50; La Vanguardia, ₱5; Venancio Cudilla, ₱2; Lucio Villareal, ₱0.50; La Democracia, ₱5; National Progressive Party, ₱15; various leaguers, ₱7.

From these items it would appear that some young Filipinos, led by some law students, have undertaken a campaign against the sale to the "*trusts*" of the friar lands and of other lands which are the property of the State, and that they have continued their work in spite of the fact that some people have remained indifferent and others have discouraged them; also, that amongst them they raised enough money to send a short cablegram to Congressman Martin. And this meeting, organized and conducted by excitable Filipino boys to tear to pieces a man of straw of Representative Martin's own making, in connection with which campaign funds in the amount of \$17.50 were raised, and the *cablegram* above quoted, reporting the resolutions adopted, have been made to afford a basis for the statement that the sale of the Calamba estate has raised "a storm of protest in the Philippine Islands" and that "*the Filipinos*" in "mass meeting" have adopted resolutions of protest against the sale of the friar estates!

Representative Martin clearly conveys the impression, although he does not specifically so state, that the Calamba estate is thickly settled. While it is true, as he says, that the inhabitants of Luzon are not very few in number, *it should be remembered that Luzon is quite an island, and that not all of its inhabitants are located on the Calamba estate, which in point of fact is one of the very thinly settled estates*, coming third in the list, the San Jose estate being entirely without tenants, and the Isabela estate having very few.

It is not apparent that tenants on the Calamba estate would profit in any way by having the unoccupied land, which they do not want, continue to remain unoccupied. It is clearly in the public interest that *all* unoccupied land on *all* the friar estates should be disposed of either by lease or sale as promptly as possible.

The explanation of the existence of such extensive unoccupied tracts on some of the estates near Manila, and in relatively densely populated regions, is that large areas were, in the Spanish days, cultivated in sugar by Spaniards who have died, or who have left never to return. Many of the people employed on them were day laborers, not occupants of land, and so far as they continue in the vicinity, do not to-day desire to become landowners.

THE CHARGE THAT THERE IS A SCHEME ON FOOT FOR DISPOSSESSING NATIVE TENANTS ON FRIAR LANDS AND THAT LEGISLATION HAS BEEN PASSED TO THE END THAT THIS MAY BE DONE.

On this subject Representative Martin says:

Considerable portions of the land on the estates located in the Provinces of Laguna, Cavite, and Cebu have been leased in small parcels to native tenants, and it might be presumed that such areas as have been so leased will continue in the hands of native tenants of the Philippine government. *But the director of lands states that whenever a native tenant gives up his government lease the big tenant has the option to take over the lease at the same rental the small tenant had been paying.* On the Tala estate, which the director cites, the little tenant is paying \$1.17 an acre, while the big tenant is to pay but 30 cents per acre. It might appear that the big fellow would not care to take over the little fellow's lease at \$1.17 an acre, or nearly four times the rental per acre the big fellow has to pay. It should be understood, however, that *while the Philippine government refuses to sell the little tenant the land he lives upon, as soon as the big fellow succeeds to the lease of the little fellow the big fellow acquires the right of purchase on a basis which, at 4 per cent on his money, will represent a cost of but 32 cents an acre per annum.*

The process can be made both simple and expeditious. The big fellow owning all the surrounding land can make life a burden to the little fellow, can refuse to hire him, or refuse to pay a fair price for his cane or rice. When the little fellow defaults on his rent, the government can bring suit and dispossess him. The big fellow then can take over the lease at \$1.17 per acre, and immediately he purchases the land of the government and reduces his annual interest charge of 32 cents per acre. After a few years the big fellow will be in complete and undisputed possession of every acre on the estate, and then he can make his own terms to native tenants.

Apparently to facilitate the matter of dispossessing these ignorant, defenseless, penniless wards of the nation within eight days, whenever circumstances or the interests of a big tenant might require, the Philippine government passed an amendatory act on May 20, 1909, the first paragraph of which reads as follows:

" Provided, That the failure on the part of the occupants to state their desire to lease or purchase said lands shall not be understood to mean that they do not desire to acquire them. In case of such failure it shall be the duty of the director of lands, or his agents, to enjoin such occupants to state their desire in writing within the period of eight days from the date of such injunction, and their failure to do so shall be understood to mean that such occupants do not desire either to lease or to purchase said lands."

After having been buoyed up for 10 years with the hope that he was to acquire the few acres he lives upon, the peon tenant at last will realize that his condition has not been improved. The only changes he will find will be that he will earn \$50 instead of \$25 for a year's toil; that he will pay twice as much as he formerly paid for his meager necessities; that he will be compelled to purchase his supplies from the company stores, instead of the friar stores; that his landlord lives in New York instead of in Manila or in Spain. At the end of the year he will be in debt to his landlord the same as under the Spanish régime.

It would seem to be a most dangerous policy to take from the Filipinos the very lands they have been living upon and sell them to New York exploiters in contravention of both the letter and the spirit of the law which Congress in its wisdom enacted for the express purpose of keeping these exploiters out.

These quotations teem with misstatements. The director of lands has never said that "whenever a native tenant gives up his government lease the big tenant has the option to take over the lease at the same rental the small tenant has been paying," nor is this the case.

The American "big tenant" on the Tala estate is compelled to pay 30 cents per acre for his land, and is compelled to cultivate it, *while the Filipino big tenant of similar land on this estate gets it for 20 cents per acre without any obligation as to cultivation.*

The Philippine government has never refused in one single instance to sell the little tenant the land he lives upon. A small tenant on a friar estate is not a day laborer. As a rule, he has neither cane nor rice to sell, but raises only enough for the needs of himself and his family, and he can not be driven out by the refusal of the big tenant to purchase his products.

It is needless to say that the general statement that—the big fellow, then, can take over the lease at \$1.17 per acre, and immediately he purchases the land of the government and reduces his annual interest charge to 32 cents per acre—

is untrue. Representative Martin here makes a false and misleading statement of the arrangement *with one large tenant on one friar estate* apply to *all* large tenants on *all* friar estates. There does not exist any such arrangement as the one described.

It is, of course, sometimes necessary to bring suits against tenants for nonpayment of rent, both for the effect upon them and for the effect upon others, and it is sometimes necessary to eject them when they finally refuse to pay.

This, naturally, is especially true on estates where tenants successfully defied their landlords and avoided the payment of rents during a long period.

In act No. 1933 (Exhibit B) occurs the proviso which Representative Martin states was adopted:

Apparently to facilitate the matter of dispossessing these ignorant, defenseless, penniless wards of the Nation within eight days, whenever circumstances or the interests of a big tenant might require.

It in reality embodies a provision of law relative to the ejectment of tenants who have failed to *state their desire* to lease or purchase their holdings, and who, after being enjoined by the director of lands or his agents to state it in writing fail to do so within a period of eight days from the date of such injunction. This act was introduced into the Philippine Assembly by Assemblyman José A. Clarin, chairman of the Committee on Friar Lands; was passed by that body by a

unanimous vote, and was sent to the Philippine Commission with the request that the commission concur in the action of the assembly. Neither the director of lands nor I had knowledge of the fact that the passage of such an act was contemplated until after it had been passed by the assembly and transmitted to the commission. It is more than absurd to suppose that the Philippine Assembly would originate and pass an act calculated to facilitate the dispossession of Filipino tenants on friar-land estates and the opening up of these estates to exploitation by American capital. On the contrary, the assembly gives close attention to the protection of the interests of friar-land tenants. It has a standing committee on friar lands.

The act in question was intended to *protect* lessees by providing that failure on their part to declare their intention before being enjoined to do so by the director of lands should not be understood to mean that they did not desire to acquire their holdings.

There was no real necessity for the passage of such an act, as it had been the custom of the director of lands to give tenants a very much longer time than that fixed by this law as the maximum within which to determine what they wished to do. The act was passed by the Philippine Commission not because of any necessity for its passage, but because it was harmless, and its passage was desired by the assembly. It certainly imposes no hardship on a tenant to require him to *state his desire* within eight days of the time when he is enjoined to do so.

In this connection it will be interesting to note the exact facts as to ejectments. They are set forth in the following table:

Ejectment suits on friar lands.

Fiscal year—	Suits.	Executions.
1907.....	434	None.
1908.....	1,149	38
1909.....	1,063	37
1910.....	603	185
Total.....	3,249	260

Two thousand seven hundred suits were comprised, leaving a balance pending June 30, 1910, of 289.

Ejectment suits were never filed against tenants of friar lands except as a last resort to compel payment of rentals past due, and even after judgment tenants have always been allowed to compromise by paying the rent plus court costs and allowed to retain possession of their lands. In case they refuse so to do there was no other recourse but to eject them from their holdings, which, as shown, was done in only 260 cases, or 8 per cent of the total number of suits filed. I consider this a very remarkably good showing, when it is

remembered that we were dealing with tenants who had long defied their previous landlords and escaped the payment of any rent.

The following statement of Representative Martin should also be considered in this connection:

It is obvious, of course, although seemingly overlooked by the administration, that if the unoccupied land is unprotected by the limitations neither is the occupied, and the acquisition of the latter will be a matter of buying out and freezing out the little fellows, as is being done in Porto Rico.

The little fellows obviously can not be bought out until they have something to sell, and it is not apparent that it would be proper to impose a restriction on the amount of land a man might sell after it becomes his private property. So far as freezing out the little fellows is concerned, they are by no means so helpless as Representative Martin seems to have believed *at the moment when he delivered himself of this sentence.*

Within the limits of the same speech, however, when discussing the possibilities of the Filipinos as great sugar producers, he took quite a different view of the matter, expressing himself as follows:

Perhaps under the antiquated methods heretofore in vogue in the Philippines the conditions mentioned by Mr. McKinlay have obtained. But the Filipino will no longer drag a forked stick at the tail of a carabao across these acres. He will no longer lose one-third of the juice in his primitive cane mills. He will no longer burn up one-third of the remainder in the process of sugar making. Modern methods will be installed, and under modern methods the Philippines will speedily produce enough sugar to absorb the tariff profit of \$37 per ton.

Evidently circumstances alter cases, and, although the Filipino is a poor, helpless fellow when competing *on his own ground* with others, he becomes a very dangerous rival when competing with the beet-sugar interests in the United States!

The fact is that the average Filipino lessee or owner of a tract of land or a friar estate is not a day laborer. He is an independent landed proprietor, producing most of the things that he needs and quite capable of taking care of himself under the bill of rights provided in the organic act. The friars did not find it easy to dispossess him even when he flatly refused to pay rent.

THE CHARGE THAT THE NUMBER OF LEASES OF FRIAR LANDS AND THE
NUMBER OF TENANTS ON SUCH LANDS HAVE DECREASED ON ACCOUNT
EXCESSIVE RENTALS.

On this subject Representative Martin has made the following statements:

That largely on account of high rentals charged the natives, the number of leases on friar estates has fallen from 22,229 in 1907 to 20,654 in 1908. In his 1907 report, the director of lands stated that there had been trouble with the tenants, that matters had reached a critical stage, that apparent injustice had been done the poorer class of occupants, that the rental rates already were high, but that notwithstanding all this even these high rates would be doubled unless

tenants paid up. The director said (p. 188) that unless the tenants adopted a different attitude in the immediate future his bureau would have no other recourse than to bring suits for ejection from the premises.

It appears that this course was adopted. The 1908 report shows that over 1,100 suits were brought against tenants and that in 1908 the number of leases in force was nearly 1,600 less than in 1907. In his 1908 report (vol. 2, p. 225) the director of lands said that while his work had not been hampered as much as formerly by political agitation "the usual number of petitions requesting the reduction of rents or their suspension have been received, but except in a very few cases has it been shown that tenants were unable to pay their rents, although the rice crop on the estates north of Manila was in some cases smaller than in previous years."

That the Philippine government is charging the natives a rental far in excess of the annual interest charge on the bonds issued to pay for the lands, the average annual rental charge being \$1.30 per acre.

That on the 33,000-acre Calamba estate, where the friars stated that their annual rentals amounted to 75 cents per acre, the Philippine government is charging some 1,200 tenants an average rental of \$1.58, or more than double the rate the friars charged them, or nearly 8 per cent on the cost of the land, which is about double the investment yield of farm leases in this country.

That where 20,000 native tenants are compelled to pay an average annual rental of \$1.30 an acre, the Havemeyers' syndicate is enabled to purchase outright a 55,000-acre estate on annual payments of 32 cents per acre.

That the Philippine government leased the 16,000-acre Tala estate on the following terms: One thousand eight hundred and fifteen acres of this estate were already under lease to 466 natives, at an average rental of \$1.17 per acre. The new tenant was given a lease, with privilege of purchase of the balance of the estate. The new tenant agrees to take over a certain number of acres each year until he shall have taken them all. On such portions as he takes over and does not cultivate or crop, he is to pay 6 cents per acre; on such portions as he takes a crop from he is to pay 30 cents per acre, as compared to the native's \$1.17. As fast as the leases to natives run out and are not renewed, the big tenant has the option of taking them over. The big tenant gets the land for one-fourth the rental exacted from the native, and has the privilege of purchasing the entire estate and using the natives as chattels.

That while under the amended friar-land law of the Philippine Islands the purchaser of friar lands is given 25 years in which to make his payments; on several of these estates the average rental charged the native is in excess of the interest on the purchase price plus one twenty-fifth of the purchase price, or, in other words, that the natives are charged more rent than they are supposed to have to pay in annual payments in order to purchase the land.

The Manila Times of December 6, 1909, states that the terms of the sale of the San Jose estate were \$21,437 cash, the balance in 19 equal annual payments of \$18,187. In other words, for an outright purchase, the Havemeyer syndicate pays 38½ cents an acre cash and 32 cents an acre for 19 years, while our little brown brothers average to pay \$1.30 an acre rent per annum for all time. It scarcely is to be wondered at that some of the Filipinos are anxious to become naturalized American citizens. It will be said that the lands leased to tenants are somewhat improved, while the lands sold to the Havemeyer syndicate are unimproved, but the fact remains that the native Filipino tenant pays as much rent per acre each year as the Havemeyer syndicate pays in purchase money in four years.

LEASING FRIAR-LAND ESTATES.

It appears that while the sales have been a negligible quantity, over 100,000 acres of these lands have been leased to 20,000 tenants, at an average rental of \$1.30 per acre a year. This is the annual rental per acre which our "wards" have to pay and by which payment they acquire no interest in or title to the lands upon which they live.

As landlords we seem to be more successful than were our Spanish predecessors, the friars. The friar order which owned the Calamba estate filed a statement with the American acting governor general of the islands in which it was stated that they tried to exact \$2 an acre Mexican from their tenants, but in reality collected \$1.50 Mexican, or 75 cents gold. Eighteen thousand tons of sugar were produced on this estate in 1899, and the tenants had a market for all the cane they could grow. The friars removed their six sugar mills from this estate, and the tenants do not now have a market for cane, and no new crop has been introduced to take its place, so it would be presumed that the tenants are less able to pay a high rental now than when the friars were their landlords. Some 1,200 leases have been executed with tenants of the Calamba estate, and from the 1908 report of the Philippine Commission (vol. 2, p. 226) it appears that instead of charging them 75 cents gold per acre, the Philippine government is charging them \$1.58 gold per acre, or more than double the rate the friars charged them. The Philippine government purchased the Calamba estate for \$20.51 gold per acre, and hence the \$1.58 annual rental which is exacted from our "wards" is nearly 8 per cent of the cost of the land, or almost double the investment yield of farm leases in the United States and double the fixed interest charge on the 4 per cent bonds with which these lands were purchased.

Ten weeks after the passage of this amendment to the friar-lands act the director of lands announced in his annual report that a 16,000-acre friar-land estate had been leased to one party, with the privilege of purchase, and that similar arrangements had been offered, and probably would be consummated, on the friar estates located in certain provinces. Concerning this transaction the director of lands said (vol. 2, pp. 234-235):

"Since the passage of the amendment to the friar-lands act persistent efforts have been made to induce occupation and cultivation of the unoccupied portions of the friar estates. This has been done by the offer of special inducements to those who will undertake the occupation and cultivation of large areas. Thus, on the Tala estate, of which only a small percentage has heretofore been occupied, a contract has been entered into for the occupation and the eventual cultivation and sale of all the unoccupied portions thereof, the occupant agreeing to immediately begin the cultivation of the estate; to cultivate 200 hectares (494 acres) the first year, 600 (1,482 acres) the second year, 1,000 (2,470 acres) the third year, and 500 additional hectares (1,235 acres) per year thereafter until the entire area of the estate is under cultivation. He further agrees to lease as a minimum 300 hectares (741 acres) the first year, 900 (2,223 acres) the second year, 1,500 (3,705 acres) the third year, and 500 (1,235 acres) additional each year until all the available land on the estate has been leased, paying therefor at the rate of ₱0.30 (15 cents) per hectare per annum for each one leased, provided that no crop has been harvested thereon, and ₱1.50 (75 cents) per hectare per annum for each one which produces a crop. * * * The occupant has the further privilege of leasing any land which may in the future be abandoned by the present occupants at the rate formerly leased to the one who abandoned or vacated it. The occupant agrees to keep trespassers from the lands, and may sublease any of the lands occupied or leased by him. This con-

tract would also, under the provisions of the amendment to the friar-lands act, grant to the occupant the right to purchase when the estate is ready for sale at the price fixed by the friar-lands act.

“ Other inducements of a similar nature have been offered and are under consideration for contracts of land on the Cavite and Laguna estates, as well as on the Piedad estate, in Rizal Province, and it is probable that within the year this estate will have been practically occupied under similar conditions.”

To understand the full effect of the above-described arrangement several matters of importance must be taken into consideration. First, the Tala estate consists of 6,696 hectares, or 16,539 acres. The director of lands reports that 20 per cent of it, or 3,307 acres, is occupied by natives, none of whom have been able to secure a sale certificate. The director reports that 466 leases on lands in this estate have been executed. The leases cover 735 hectares, or 1,815 acres, the average size of the parcels leased being 3.9 acres. The amount of annual receipts contracted for from these leases is ₱4,235, or \$2,117.50 for the 1,815 acres, or \$1.17 per acre. Under the arrangement described by the director of lands the man who leases the unoccupied portion of the estate with the privilege of purchase takes up certain portions of it at given periods, and as he takes these portions over he agrees to pay an annual rental of 15 cents per hectare, or 6 cents per acre, on such portions as he does not crop, and 75 cents per hectare, or 30 cents per acre, on such portions as he takes a crop from. The Philippine government paid \$112,054 for this estate, or \$6.77 per acre, and 4 per cent interest on this amount for four and one-half years from the date of purchase to June 30, 1908, would bring the cost to \$8 per acre on that date. It thus would appear that the new tenant, who options the whole estate, pays a less amount per acre on the land he crops than the interest the Philippine government pays on its bonds amounts to on the cost of that particular land to date, while the Philippine government continues to pay a like amount of interest per acre on the balance of the estate on which he holds an option. In other words, 4 per cent interest on the cost of the land to date amounts to 32 cents per acre. The new tenant, the wealthy man who eventually is to buy the estate, pays 2 cents per acre less than the government's carrying charges, while the native tenant pays \$1.17 per acre, or nearly four times the amount of the carrying charges. Certainly one is paying too much or the other is not paying enough, and in either event the exercise of this sort of favoritism to the exploiter and driving hard bargains with the native tenants whereby but little over one-half of them on this particular estate have been induced to take out leases, presumably on account of the high rental charged them, is not in sympathy with the intent of Congress when it passed the act authorizing the purchase of these lands for the sole purpose of dividing them up and selling them to tenants in small parcels at a low price and on long time.

It would seem that the great disparity between the rent charged the small and large tenant can but breed the very trouble which formed the excuse or reason for purchasing these estates, and it is not to be wondered at that the Philippine government found it necessary to bring over 1,000 suits against tenants during the fiscal year 1908.

Tenants who are unable or unwilling to pay the increased rentals demanded by the Philippine government are put off the land. One thousand one hundred and forty-nine ejectment suits were brought during the fiscal year 1908, and the number of tenants declined from 22,229 in June, 1907, to 20,652 in June, 1908, a decrease of 1,577.

It has already been shown that the thing to be considered in determining the progress which has been made in disposing of the friar lands is not the number of leases alone, but the number of leases plus the number of sales certificates, as the latter, when issued, take the place of the former. It has furthermore been shown by the table on page 70 that this number has not decreased, but has increased very steadily. There have been some small fluctuations, due, as already explained, to the cancellation of leases based on owners' statements as to the areas and values of lands occupied, and their substitution by leases based on planimeter survey; and to the cancellation of the latter class of leases, and their substitution by final leases based on accurate determinations of areas and careful fixed values. These minor fluctuations do not in any way affect the general result.

However, I can not allow Representative Martin's statement that rentals have been excessive to pass unchallenged; nor his insinuation that we have been driving occupants off these estates to remain uncontroverted.

The present occupants of friar estates may be divided into three classes, as follows:

First. Those who were actually and rightfully in possession of their holdings on the date of purchase by the government.

Second. Those who had been recognized as lessees by the friars but who had vacated their lands on account of the existence of a state of war or as the result of the actions of officers of the insurgent government, and who were not in possession of them at the time the estates were purchased, but who subsequently reoccupied them.

Third. Those who were never tenants under the friars, but who settled upon friar lands after their purchase by the insular government had been effected.

Section 65 of the organic act provides that—

Actual settlers and occupants at the time said lands are acquired by the government shall have the preference over all others to lease, purchase, or acquire their holdings within such reasonable time as may be determined by said government.

Under this provision, we need not have sold or leased to any but the first class of tenants above enumerated. We have leased to tenants of all three classes, and have given to those of each class a preferential right over all other persons to purchase their holdings, being supported in our action in so doing by an opinion of the attorney general of the Philippine Islands, which is appended hereto as Exhibit M. Does this look like an effort on our part to dispossess occupants in order to open up the lands for exploitation?

Representative Martin's claim that we are charging the natives an average annual rental of \$1.30 per acre, and that this amount is far in

excess of the annual interest charge on the bonds issued to pay for the lands, involves a fallacy so evident as not to be specious. He has taken from the annual report of the bureau of lands for the fiscal year ending June 30, 1908, the area of all lands leased or sold and the total contracted receipts and has divided the latter by the former to obtain his figure of \$1.30 per acre per annum as the rental, and has reached the highly original conclusion that if all the lands were rented at this rate the total annual rentals would be far in excess of the interest charge on the bonds.

It goes without saying that on all the estates not fully occupied the *best* land is the first to be sold or rented. On June 30, 1908, the class of lands rented or sold included practically all rural and urban lots on the estates, also irrigated rice lands, and first and second class unirrigated rice lands, while comparatively little of the lower-class and lower-priced land was rented.

There was nothing rented on the San Jose estate, containing 58,165 acres, purchased at \$5.14 per acre; there were included only 198 out of 49,728 acres on the Isabela estate, purchased at \$3.21 per acre; only 1,839 out of 16,740 acres on the Tala estate, purchased at \$6.69 per acre; and only 3,795 out of 7,068 acres on the Muntinlupa estate, which cost \$6.20 per acre. Nearly all the poor low-class land on the other estates was neither sold nor rented. *In other words, the average rental, fixed by Representative Martin at \$1.30 per acre, applied to the better class and more valuable lands.* Of these, town lots in the city of Cebu are worth \$2,000 per acre, first-class irrigated rice land on several of the estates \$100 per acre, and first-class unirrigated rice lands on some estates \$50 per acre. Instead of comparing the average rental charged with the average value of land rented, Representative Martin has compared it with *the average value of all the friar lands purchased.* It can readily be shown that of the 20,652 parcels of friar lands rented on June 30, 1908, there were not more than 5 per cent on which the rentals covered the cost of the interest, namely, 4 per cent of the actual cost of the land.

It is true that on the Isabela estate and on some others very small parcels of land, usually those occupied for residence purposes, were charged for at a higher rate of rental than was necessary. This was due to the fact that at the outset both the tenants and the government believed that the value of the land would be higher than proved to be the case when it was finally fixed. In a few instances it has been found that in five years' time the rental paid by a tenant was equal to the value of his land, and in such cases sales certificates have invariably been issued without the necessity of any further payments. Cases of this sort have been rare, and have occurred only on the lower-priced estates.

If the method of obtaining the average annual rental employed by Representative Martin is applied for the fiscal years ending June 30, 1909 and 1910, respectively, the rate would be \$1.28 per acre for 1909, and 84 cents per acre for 1910. The decrease is, however, only apparent, and is due to the fact that the Isabela estate and a large part of the Tala and Muntinlupa estate are included. In other words, a largely increased amount of low-priced land is now rented. No attention need be paid to this apparent decrease for the reason, as above shown, that the method employed in obtaining it is fallacious.

It is the purpose of the director of lands to fix rentals at an approximate average of 5 per cent of the value of the land, but we attach no importance to a reasonable deviation from this figure because *all rentals paid prior to the time the tenant has an opportunity to purchase are part payment on the purchase price of the land rented.*

The statement that we are charging tenants on the Calamba estate more than double the rate the friars charged them is untrue. The bureau of lands holds records showing the rentals charged by the friars on the Calamba estate, and the following table gives the comparative charges:

Rent schedules on the Calamba estate.

Kind of land.	Rent per acre under the friar administration.	Rent per acre under present administration.
Irrigated:		
First class.....	\$3.00	\$2.40
Second class.....	2.73	2.00
Third class.....	2.18	1.60
Unirrigated:		
First class.....	1.13	1.25
Second class.....	.91	1.00
Third class.....	.73	.80
Fourth class.....	.55	.60
Town lots:		
First class.....	43.00	20.00
Second class.....	21.50	10.00
Rural lots:		
First class.....	7.17	4.00

Furthermore, no account is here taken of the unpaid labor which tenants under the friars furnished in connection with the construction of extensive irrigation works, huge churches and conventos, and roads. No unpaid labor is now exacted from any tenant on a friar estate.

Again, Representative Martin has employed the rather ingenious but not very deceptive, expedient of taking the *average value* of *all* the land on the Calamba estate, and comparing with this value the *average rental* of the *occupied portion* of the estate, which includes its *most valuable* land.

The following table will show the true facts:

Kind of land.	Amount (acres).	Value.	Interest at 4 per cent.	Rental.
Town lots.....	137.5	\$49,500	\$1,980	\$2,200
Irrigated lots.....	1,250	75,000	3,000	2,500
Unirrigated lots.....	4,500	180,000	7,200	4,500
Total.....	5,887.5	304,500	12,180	9,200

From this table it clearly appears that the rents collected from the occupied land on this estate are \$2,980 less than the interest on the value of said land. Similar tables might be made out for the other estates.

Representative Martin's attempt to compare the rentals on the Calamba and the Tala estates without taking into account the cost to the government of the land on each of them is necessarily futile. The Tala estate cost \$6.69 per acre; the Calamba estate \$20.26 per acre. The rental rate on the latter estate is, therefore, necessarily higher than that on the former.

I append hereto as Exhibit N the rent schedules effective on the Biñan, Imus, Calamba, Lolomboy, Muntinlupa, Piedad, Naic, San Francisco de Malabon, Santa Cruz de Malabon, Tala, Santa Maria de Pandi, and Talisay-Minglanilla estates from the beginning of the lease year 1908-9.

Representative Martin's statement as to what the director of lands says in his report for the fiscal year 1907 serves his purpose *so long as one does not check it up by reading the report*. What the director of lands really said was:

Great difficulty has been experienced in securing the execution of the new leases in lieu of the old, owing to the fact that in almost every instance an increase in area has been called for and a corresponding increase in the annual rental has resulted. In many instances the new areas have been double those originally declared, and the report has been freely circulated that the bureau has increased the rates of rental. (Report of the Philippine Commission, pt. 2, 1907, p. 188.)

Again, in the same paragraph, speaking in relation to those tenants on the San Francisco de Malabon estate who refused to take out new leases for the corrected areas, he stated:

An offer was made by this bureau to endeavor to obtain an extension of the period in which they could pay their rentals on lands leased but not cultivated, which has since received the sanction of the Secretary of the Interior, but up to date none of the tenants have endeavored to take advantage of this offer, and unless they adopt a different attitude in the immediate future and evince some disposition to comply with their obligations, this bureau will have no other recourse than to begin suits for ejection from the premises.

And again, at the close of the first paragraph on page 189:

In certain instances where it was proposed to commence the issuance of sales certificates, as a preliminary thereto notice was issued that all rentals must be paid to a given date, that the tenants so strongly objected to the enforcement of this demand and have laid such stress on their impoverished condition and the hardship which would be imposed upon them by such action, which facts they have in a measure substantiated, and it was deemed advisable not to attempt to proceed with the sale at that time, as such proceedings seemed but to invite failure.

In the second paragraph on the same page, referring to the fact that the contracted rental does not equal the interest on the bonds, he stated:

Patience is no doubt put to a serious trial when a tenant will insist on immediate sale to him of the land he occupies and, in the same breath, lament his inability to pay the exorbitant rentals now asked, yet these are the pretensions of not a few, among whom are generally the most influential people of the several communities.

Certainly the meaning of the above passages is not that given them by Representative Martin.

Referring now to the statement that more than 1,100 ejectment suits were brought against tenants, and that in 1908 (presumably as a result of these suits) the number of leases in force was nearly 1,600 less than in 1907, there has been a very steady increase in the number of leases and sales certificates, although about the time indicated by Representative Martin there were temporary fluctuations, which have been fully explained.

Up to July 1, 1910, there had been 3,249 suits for ejectment, of which 2,700 were compromised and 289 were pending, while the actual number of executions had been but 260, an extraordinarily low figure when it is remembered that we had been dealing with some 36,000 tenants, most of whom had successfully evaded the payment of rent for years at the time we purchased the friar lands.

Referring to the attempt at a comparison between the installments of the purchase price of the San Jose estate—paid not by the "Havemeyer syndicate," but by Mr. E. L. Poole—with the rental alleged to be paid by "our little brown brothers" "for all time," I invite attention to the fact that if any Filipino continues to pay rent after January 1, 1911, it will be his own fault; and to the further fact that it is worse than idle to compare the installments of the purchase price of an unoccupied estate consisting entirely of wild land which cost the government \$5.14 per acre with the annual rental on the best cultivated lands of estates some of which, *even including in the average their extensive unoccupied lands*, cost the government as high as \$32.88 per acre.

THE CHARGE THAT THE OCCUPANTS OF FRIAR ESTATES HAVE BEEN HINDERED IN THE PURCHASE OF THEIR HOLDINGS.

Under the heading "All friar lands involved," Representative Martin has delivered himself of the following:

The Philippine interior department (American) has fixed ₱100; that is, 100 Philippine dollars, as the minimum sale price of land, regardless of quantity. As that is more money than most of the little brown brothers ever saw at one time, the result has not been conducive to land ownership. It affords a partial explanation for the fact that up to June 30, 1908, but 675 Filipinos had acquired title to land under American occupation; and of the further fact that of the 60,000 tenant families on these lands at the time of their purchase not more than 20,000 remain.

This statement affords a striking instance of his perversion of records and misstatement of facts. The minimum of ₱100, as the limit of the sale price of land, applies only to *public* (crown) *lands*, as distinguished from friar lands.

Every parcel of friar land must be sold at its *true cost*, determined in accordance with the provisions of the friar-lands act and the regulations thereunder, and *no minimum sale price has been, or can lawfully be, fixed*. Representative Martin has clearly shown by other passages in his speech that he was aware of the fact that this minimum sale price applied to public lands only. His statement that—

It affords partial explanation of the further fact that of the 60,000 tenant families on friar lands at the time of their purchase not more than 20,000 remain—

is untrue.

Representative Martin makes the following additional statements on this general subject:

That while the surveys on some of the densely populated estates were completed in 1906 and others in 1907, up to June 30, 1908, not a sale certificate had been issued on any one of the large estates which would be valuable for exploitation purposes.

That while year after year the Philippine Commission had advised Congress of progress made in locating tenants on friar estates, has stated that the tenants have indicated their desire to become purchasers, and has expressed the belief that the majority of them would become satisfied landowners instead of discontented tenants, only 446 of the 60,000 friar-land tenants had been provided with sale certificates up to June 30, 1908.

That the 446 sale certificates so far reported as having been issued cover but 1,600 acres, and are confined to four of the very smallest estates, the entire area of the four covering less than 6,000 acres, thus preserving intact for exploitation purposes every one of the important estates.

I have already stated that the initial delay in issuing sale certificates was the necessary result of the lack of a force of surveyors and calculators sufficient to push the work more rapidly. The use of the

words "so far reported" in the last paragraph quoted is completely misleading. The number of sales certificates issued up to July 1, 1909, had been reported, and the report was available in Washington at the time this statement was made, yet Representative Martin used figures from a report for a previous year.

The fact is that at the time he made his speech 9,059 sales certificates had been issued to occupants (not including Poole and Thayer), covering 33,529 acres, instead of 446 certificates, covering 1,600 acres. These certificates extended to 16 estates, including the very largest, instead of being confined to four of the very smallest, as stated.

It goes without saying that where work was progressing simultaneously on numerous different estates, as was then the case, the work on the smaller estates would naturally be finished first, being less in amount. Several of the small estates were *completely occupied*, and the completion of work on them enabled us to show our good faith by offering them for sale at a relatively early date. Had we confined ourselves at the outset to work on the largest estates, the *beginning* of the issuance of sales certificates would have been further and greatly delayed, and Representative Martin might then have cited *this* delay as a reason for challenging our good faith.

Representative Martin's final conclusion in this matter runs as follows:

These lands were to be purchased from the friars, and the Philippine government was to "make arrangements to give them back to the actual settlers at the earliest moment," giving them good long time, of course, to pay, so that instead of paying rent they will be making partial payments on the purchase.

How many people were or are occupying the 23 estates purchased from the friars was not divulged in the testimony, but we are told that covering the lands of three of the religious orders there were 60,000 tenant leases, or 300,000 people at five to a family.

As has been noted, the purchase of these lands from the friars was consummated December 22, 1903, or over six years ago, and they were to be divided and sold in small parcels to the occupants "at the earliest moment." It appears from the 1908 report of the Philippine Commission (vol. 2, p. 226) that up to June 30, 1908, four and one-half years after the purchase of the friar lands had been consummated, but 446 sale certificates on these lands had been issued by the Philippine government, which would indicate that the speed which was exercised in securing these lands has not been maintained in disposing of them to native tenants. In other words, during a period of four and one-half years the Philippine government has issued enough sale certificates on all the 23 friar estates to provide homes for less than eight-tenths of 1 per cent of the tenants who occupied the land of but three of the religious orders. If this speed in making sales to tenants be maintained, it will be 700 years before even these 60,000 tenants secure their homes. It therefore would appear that the Philippine government is not overexerting itself to carry out the intent and purpose of Congress to vest title to these lands in the tenants thereof "at the earliest moment."

It seems significant that not a sale certificate has been issued on any of the large and important haciendas. The 446 sale certificates issued have been con-

lined to four small, unimportant estates, which cover a total combined area of but 5,493 acres, or 1.4 per cent of the 391,932 acres purchased, thus leaving over 98 per cent of the total area of friar lands in condition to be sold for exploitation purposes in large tracts in which there are no parcels owned by natives.

On the four small estates to which the 446 sale certificates are confined there have been issued 547 leases, or 1,003 leases and sales, covering a total area of 3,576 acres. The official reports do not separate the area sold from the area leased, but presuming the parcels sold and leased to be of equal size the 446 sale certificates cover a total area of 1,588 acres.

If, though delayed, the intent and purpose of Congress finally is to be respected and the Filipino tenants are to acquire the friar lands in small parcels, unless the speed with which they have been allowed to do so during the past 4½ years be accelerated, it will be 1,100 years before the last parcel will have been disposed of. With the exception of two small estates, the 446 sale certificates are confined absolutely to the smallest tracts purchased, as will be seen from the following table, derived from the tables of the 1908 report of the director of lands (vol. 2, p. 226) * * *.

Of the 391,932 acres purchased from the friars, the 446 sale certificates so far reported cut into an area of but 5,493 acres, or less than 2 per cent of the total area of land purchased from the friars. Had Congress been apprised eight years ago of the real policy which was to be pursued in the Philippines, the bond issue of \$7,000,000 could have been cut to the cost of this 5,000 acres of land, and thereby have accomplished the same results with \$150,000 in bonds as with the present fixed annual interest payments of over \$275,000 on an issue of \$7,000,000 of bonds.

It was represented to Congress eight years ago that "there is nothing so universally and so earnestly desired by the people of the Philippine Islands as the acquisition of these lands belonging to the friars by the actual occupants and holders of the property," and that the Philippine government was to "make arrangements to give them—the lands—back to the actual settlers at the earliest moment," and yet at last accounts less than eight-tenths of 1 per cent of these people had been provided with sale certificates, and these sale certificates have been confined exclusively to lands within the borders of four of the smallest and least important estates.

One of four conclusions may be drawn:

First. That Congress was misinformed as to the general desire of the people of the Philippine Islands to acquire the lands they live on.

Second. That since the act of July 1, 1902, the great mass of the Filipino people have lost their former desire to acquire the land they live on.

Third. That the desire to acquire homes is not a racial or tribal characteristic, but is of a sectional nature, confined to people who happen to live within the circumscribed bounds of four small estates covering 5,000 acres of the 73,000,000 acres of the Philippines.

Fourth. That the Philippine government declines to carry out the intent and purpose of Congress, and only will issue sale certificates on small tracts which would not be desirable for foreign investors.

I am unable to follow Representative Martin in his figures as to the number of tenants on friar estates. There were nothing like 60,000 families on the estates purchased by the government at the time they were turned over. There has been no subsequent diminution. On the contrary, there has been an increase from the coming in of squatters and the return of former tenants, and if we allow

one family to a lease or a sales certificate, which is too liberal an arrangement, the total number of families was, on July 1, 1910, 36,261.

A word further about the number of persons on friar estates. One may be permitted to doubt whether in the days of their greatest prosperity there were 300,000 persons inhabiting a portion only of the friar lands. There was unquestionably a great exodus from some of these estates during the insurrection, as a result of disturbed conditions. No effort was spared by us to get former occupants to return, but the actual number of persons residing on these estates in 1906, as shown by the census returns, was 163,333.

Representative Martin's estimate of *700 years* as the time required before completing the sales to the 60,000 tenant families (300,000 individuals), which he clearly suggests are only a portion of the number actually living on the estates, proves to be approximately 699½ years too long.

It can not truly be said that he is not a man of progressive ideas, for, by the time his speech had advanced three paragraphs further, he had arrived at the conclusion that unless the speed with which Filipino tenants had been allowed to acquire the friar lands in small parcels during the past four and a half years were accelerated, it would be *1,100 years* before the last parcel would be disposed of! It is really futile to attempt to reply to such obvious claptrap.

The following table shows the number of sales certificates for occupied lands on each of 16 estates up to July 1, 1910, together with the area of each such estate, and affords conclusive answer to the claim that the issuance of sales certificates to occupants of friar lands has been confined to the smaller estates, which, on account of their limited areas, were not suited to exploitation on a large scale. The Poole purchase and the Thayer purchase are not included in this table. The areas of all the estates are shown in the table appended hereto as Exhibit O.

Estates.	Area of estate, in acres.	Certificates in force July 1, 1910.	Area sold in acres.
Banilad.....	4,765	727	1,225.10
Binagbag.....	705	49	27.36
Binan.....	8,910	2,801	6,577.33
Calamba.....	34,182.50	1	1.67
Dampol.....	2,317.50	347	1,829.45
Guiguinto.....	2,325	681	2,314.47
Isabela.....	48,775	93	145.11
Lolomboy.....	12,550	1	4.13
Malinta.....	8,797.50	1,299	7,671.73
Muntinlupa.....	7,047.50	1,253	4,535.37
Nalc.....	18,175	1,625	7,550.24
Orion.....	2,382.50	690	2,073.87
San Francisco de Malabon.....	27,822.50	2,695	12,427.11
San Marcos.....	218.33	1	218.71
Santa Rosa.....	13,127.50	1,968	6,882.15
Tala.....	17,480	825	11,954.37
Total.....	209,490.83	14,966	65,515.35

In making his criticisms relative to the time which has elapsed between the completion of surveys and the issuance of sales certificates on various estates, and in charging that this delay is evidence of intention on the part of the government not to sell their holdings to occupants, Representative Martin has chosen to ignore the fact that after the completion of surveys on an estate there is still much to do before it is possible to begin sales.

First, the office work involved in the calculating and platting of the individual lots must be performed. Serious difficulties were encountered in connection with this work. There was not available an adequate number of American draftsmen and computers; and, in any event, the employment of Americans for such work would have made its cost excessive. It was deemed to be in the interest of economy to train Filipinos for it, and this was successfully done, but it took time.

When the office work was finished there still remained, in each case, the difficult task of fixing the sale value of the individual holdings, as provided by the friar-lands act and the regulations thereunder. That this task is by no means a small one will be appreciated when one reads the regulations controlling it, which follow:

1. Obtain purchase value of each estate by adding to the actual amount paid to the former owners the following:

(a) The cost of preliminary surveys.

As such cost was not segregated as between the estates by the surveyors no definite data were kept, and the cost to each estate is obtained by segregating among the estates the total cost of such surveys in proportion to the area of each estate surveyed.

(b) Attorneys' fees.

Special attorneys were employed to pass on the titles of these estates, and the cost of such attorneys should be added to the cost of purchase in proportion to the respective value of the estates purchased.

(c) Other expenses.

Incidental to the purchase of these estates are the expenses of registration of each estate in the provinces. No attempt is made to add to the cost of the estates administration charges for work done prior to the date of actual possession, either of the bureau of lands or of other government offices having performed services incidental to the purchase.

2. To obtain purchase value of land as distinct from the purchase value of the estate:

(a) Obtain estimate of present value of all buildings and structures belonging to each estate.

(b) Obtain estimate of present value of the irrigation system belonging to each estate.

(c) Obtain estimate of present value of all other improvements on each estate.

The sum above will give the present value of all improvements on each estate, which values are assumed to be the values of improvements at the date of purchase, and if deducted from the purchase value of each estate will give the purchase value of the land.

3. Obtain the area of land on an estate which is not subject to sale, such as roads, plazas, waterways, reserved land for schools, markets, or other public places, and deduct same from total area of the estate, which will leave the area subject to disposal. Thus we have the purchase value of the land on each estate (sec. 2) and the area of the land subject to disposal (see sec. 3).

4. To obtain selling value of land subject to disposal on each estate add to the purchase value of all the land:

(a) Interest at the rate of 4 per cent per annum from date of purchase to date of sale, said date of sale to be fixed as the first day of a quarter of a calendar year after said estate is ready for sale.

(b) Cost of land surveys of the estate by the surveyors of the bureau of lands and a proper proportion of the expenses of the surveying and drafting division of the bureau of lands.

(c) Cost of administration of each estate pertaining to the land. (The total cost of administration of an estate includes cost of administration of both land and improvements.)

Subsections (b) and (c) are obtained from the cost register of the bureau of lands which is being kept, wherein a proportion of the general expenses of the bureau of lands and its various divisions is charged off against the friar-lands administration semiannually, according to the proportion of work pertaining thereto.

The result thus obtained is the selling value of the land subject to disposal.

5. After surveys are completed and an area of each parcel obtained, each separate parcel of land on an estate will be classified according to its location, its use, adaptability, productiveness, nature of the soil, whether irrigated or not, and such other facts as may affect its value. The area multiplied by the class value per unit will thus give the value of each parcel, and the aggregate of these amounts will equal the selling value of the lands subject to disposal.

6. The purchaser of each parcel of land to be charged therefor according to the classification and the value as above obtained, less the rent which has been paid by such purchaser, provided that the rent he has paid pertains to the parcels of land he purchases. This is necessary on account of the fact that many purchasers will have paid rent for either greater or less areas than they will purchase. Some will purchase without having paid any rent. Others will have paid rent not in accord with the classification of their lands, and it is believed that it is the only way that equity may be obtained in the sale value of the land.

All of these things take time, and in this fact is found the *true* reason why the issuance of sales certificates on the estates did not begin until long after the completion of the field work of the surveys.

The following table giving the dates of completion of surveys, computations, and valuations on friar estates, and the dates when such estates were offered for sale, clearly shows the time consumed in these several operations. It will be noted that in our anxiety to push sales as rapidly as possible we, in several instances, began them even before the work of valuation was entirely completed.

Table showing dates of completion of surveys, computations, and valuations of friar estates and dates when estates were offered for sale.

Estates.	Surveys; field work completed.	Computations completed, including additional subdivisions.	Valuations completed.	Sales begun.
Banilad.....	July 2, 1907	June 22, 1909	Dec. 11, 1908	June 15, 1909
Binagbag ¹	Dec. 20, 1907	June 21, 1909	Feb. 21, 1907	May 17, 1908
Bifian.....	Feb. 1, 1907	May 3, 1910	Mar. 11, 1910	May 6, 1910
Calamba ²	Jan. 15, 1908	July 23, 1910	.....	.....
Dampol ¹	Dec. 31, 1906	July 22, 1909	Feb. 6, 1906	Apr. 22, 1908
Guiguinto.....	Oct. 31, 1907	June 30, 1909	Feb. 18, 1908	Oct. 12, 1908
Imus ³	June 1, 1908	.....	.....	.....
Isabela.....	June 13, 1907	July 19, 1909	Feb. 16, 1909	Sept. 7, 1909
Lolomboy ⁴	Oct. 1, 1907	June 1, 1910	.....	.....
Malinta.....	July 1, 1907	July 28, 1909	Jan. 19, 1909	May 13, 1909
Matamo.....	Oct. 5, 1906	June 30, 1908	Not classified	Apr. 20, 1908
Muntinlupa.....	Nov. 11, 1907	July 27, 1909	Jan. 9, 1909	Mar. 16, 1909
Naic.....	Nov. 1, 1907	May 19, 1910	Mar. 21, 1910	June 24, 1910
Orion.....	Oct. 30, 1906	July 28, 1909	Jan. 17, 1908	June 18, 1908
Piedad ¹	Dec. 16, 1907	July 10, 1910	June 17, 1910	Aug. 9, 1910
San Francisco de Malabon ⁴	Apr. 1, 1908	Jan. 31, 1910	July 16, 1909	Mar. 17, 1910
San Jose.....	Aug. 27, 1906	May 31, 1906	Not classified	Jan. 4, 1910
San Marcos.....	Apr. 24, 1906	June 30, 1908	Not classified	June 26, 1908
Santa Cruz de Malabon ⁵	June 3, 1908	.....	June 27, 1910	.....
Santa Maria de Pandi ⁵	June 30, 1908	.....	.....	.....
Santa Rosa ⁴	June 2, 1907	June 25, 1909	Dec. 29, 1907	Jan. 4, 1909
Tala.....	Apr. 1, 1908	May 7, 1910	Sept. 7, 1910	June 21, 1910
Talisay-Minglanilla ⁵	June 1, 1908	.....	.....	.....

¹ Opposition in land court necessitated a slight change in boundary lines.

² Neither classified nor sold.

³ Computations not finished.

⁴ Additional subdivisions of parcels subsequent to sale date.

⁵ Not offered for sale.

NOTE.—Several estates were offered for sale before the surveys were entirely completed. On the Dampol and Guiguinto estates some resurveys were necessary after sales had begun.

Had the recommendations of the director of lands and myself relative to an increase in the force available for making friar-land surveys been favorably acted upon by the Philippine Legislature, all occupants of friar estates would have had an opportunity to purchase their holdings prior to January 1, 1910. At the present rate of progress they will have such opportunity prior to January 1, 1911.

But the legislature believed, and in the light of experience I must admit *rightly* believed, that delay would be actually advantageous to the tenants on some of the estates, who, on account of lack of draft animals, and because of the time required to get land which had been allowed to run wild under cultivation, would not have been able to pay the annual installments of the purchase price then required.

Practical experience demonstrated the absolute necessity of amending the law in this particular, and on June 3, 1908, it was, *upon the recommendation of the director of lands and the secretary of the interior*, so amended as to make the purchase price payable in 25 annual installments instead of 10. (See Exhibit B.)

Representative Martin seems to find in this act further evidence of the purpose to exploit the friar lands, but he does not explain how

such significance could possibly attach to it. In this connection he has delivered himself of the following somewhat obscure comment:

For five years prior to the adoption of this amendment the natives who purchased their homes were compelled to make full payment for their land within 10 years; *but now that these lands were to be thrown open for exploitation in unlimited quantities the time was extended to 25 years.* From the developments which immediately followed the adoption of this amendment it would appear that friar-land matters have been moving under cover for some years with military precision in the direction of exploitation, and that the sale of the San Jose estate is but an incident in the general plan.

Why we should decrease the annual payments just at the time when we were to throw the friar lands open for exploitation in unlimited quantities, and would naturally have desired first to get rid of the occupants, is, I confess, not plain to me. On the contrary, I think had this been my purpose I would have endeavored to have the law so amended as to provide for the *immediate* payment of the purchase price in *one* installment. The true and obvious purpose of this act was to decrease the annual installments in which the purchase price was payable so as to bring these payments within the means of the poorer tenants, and the period over which they were spread was the longest period which could be given if the funds accruing from the sales were to be available for payment of the friar-land bonds when due.

Representative Martin has, in the following passage, insinuated that it is the policy of the government not to sell their holdings to occupants, as the law plainly says it shall do, but to hold them "for other purposes," or, as he elsewhere says, for exploitation by the Sugar Trust:

The fact that the Philippine government has executed over 20,000 leases and only 446 sale certificates on friar lands causes one to wonder if this result does not come from the adoption of a definite plan not to sell these friar lands in small tracts to tenants, but to hold them for other purposes.

Finally, he makes the following definite charge:

That the policy pursued by the Philippine government in dealing with these natives is the same disastrous leasing policy that was pursued by the friars, and which policy, it was stated, was largely responsible for all the insurrections which occurred from 1870 to American occupation.

The leasing policy pursued by the friars, which, as Representative Martin truly says, was largely responsible for the disturbances of public order which occurred from 1870 to the time of the American occupation, was to retain their tenants *as lessees, not allowing them under any circumstances to purchase their holdings.* Our policy has been to sell at the earliest possible moment. The results to July 1, 1910, are shown in the table on page 94.

Finally, attention is invited to the fact that it was not, at the outset, anticipated that the leasing and sale of friar lands to occupants would, in any event, be a matter of a short time.

The commission in its report for 1906, in a passage quoted by Representative Martin, says:

There is now every reason to believe that most of the occupants will end their leases by becoming purchasers, and will be contented landowners instead of discontented and repudiating tenants. It will require much time and patience to work these results out in full. The work is now making substantial progress.

President Taft, in his testimony before the Senate Committee, as quoted by Representative Martin, said on this subject:

We have had to go slow, and make low rental leases, in order to get all the tenants to attorn without controversy and litigation; but the process is a slow one. Still, I have myself very great confidence that in the course of a decade we will work out the whole transaction in a way that will not produce any loss at all, or, if it is a loss, it will be very slight as compared with the benefits derived from the purchase of the lands.

Only two years and seven months of this "decade" have as yet elapsed.

THE CHARGES AGAINST EXECUTIVE SECRETARY FRANK W. CARPENTER, THE SECRETARY OF THE INTERIOR, AND THE DIRECTOR OF LANDS IN CONNECTION WITH THE LEASING AND SALE OF THE TALA ESTATE.

Representative Martin has, in the course of his speech, repeatedly referred to the leasing of a portion of the Tala estate to Mr. Frank W. Carpenter, to whom he refers as "the executive secretary of the Philippine government." This title might mislead an uninformed person. The executive officers of the insular government are five in number, namely, the governor general, the secretary of the interior, the secretary of commerce and police, the secretary of finance and justice, and the secretary of public instruction. Each of these officers has under him a number of bureaus. Mr. Carpenter is chief of the executive bureau, which cares for the government records, forwards official correspondence, and performs a large amount of work in connection with the operations of provincial and municipal governments. In his official capacity he can not exercise any power or authority whatever relative to friar lands, and it is, therefore, impossible for him to have been guilty of malfeasance in office in leasing such lands, as charged by Representative Martin.

The following passages may be quoted as giving a fairly comprehensive summary of Representative Martin's views on this matter, although he repeatedly rings the changes on the subject:

PHILIPPINE GOVERNMENT OFFICIALS GRABBING FRIAR LANDS.

I have stated that it came to light since the origin of this controversy during the present session of Congress that the Tala estate had been leased under a contract of sale to an unnamed purchaser. The purchaser is no longer unnamed. The name of the purchaser is Frank W. Carpenter, the executive secretary of the Philippine government. This is the startling information contained in a report from the director of public lands, sent to the Speaker of the House

by the Secretary of War on Saturday last, in answer to a resolution of inquiry passed some weeks ago. This is almost incredible and would appear to be the capsheaf of official turpitude. The report said that Frank W. Carpenter has leased 2,067 hectares, or something more than 5,000 acres, and that the lessee further binds himself to rent all vacant lands on the Tala estate or lands now occupied which may become vacant.

The fact is, as shown by another report, that this was a progressive sale of the entire estate. Under the agreement he will receive a stated additional quantity of the estate each year until he has acquired all of it. The occupied lands are to pass upon the termination of outstanding leases in small tracts to the native tenants. As the director of lands may dispossess a tenant for failure after eight days' notice to purchase or lease his holdings, it will be seen that the machinery has been provided for dispossessing the tenants as rapidly as the purchaser may desire to acquire their lands. Furthermore, until the title in fee simple passes to the purchaser he will pay only 6 cents per acre per annum on uncultivated land and only 30 cents per acre per annum on land from which he produces a crop that pays him a net profit fixed in the contract, while the native tenants pay \$1.17 per acre, hit or miss. How does that strike you for a cinch?

I had been trying for several months to ascertain who got the Tala estate, and the delay in securing the information, in the light of the foregoing facts, is not at all surprising. This information was specifically requested in a general resolution of inquiry introduced in the House on April 5 last and the answer to which appears in the Congressional Record of April 14, with Gen. Edwards's letter of April 11, which has already been several times referred to. Gen. Edwards must have known that Carpenter had this estate at that time, but not only was care taken not to furnish the information, but the fact that any such agreement had been entered into with anybody was completely concealed.

Another question arising with reference to this transaction is where Mr. Carpenter procured, or will procure, the means to pay for this tract of land, a sum ranging somewhere between \$100,000 and \$200,000. Philippine salaries are generous, indeed, if the officials of that government are enabled out of their official emoluments to become landed gentry. A more reasonable supposition is that Mr. Carpenter secured the Tala estate for purely speculative purposes or as the agent of undisclosed principals. As is the case with nearly every disclosure connected with these sales of the friar lands, from Mr. Wickersham's extraordinary opinion to the Carpenter deal, just enough has been extorted to point the need of a thorough investigation to get the whole truth.

Certainly a vastly more thorough investigation than that which Representative Martin has given this matter is necessary in order to get at the truth, which I shall proceed to state.

His claim that *the Tala estate* was leased to an *unnamed purchaser* is unqualifiedly false. The *tenants* on this estate have all purchased their holdings, amounting to 11,955 acres. Mr. Carpenter has never *bought* any portion of the estate, and the largest area which he has ever held under lease is the present one of approximately 5,025 acres (2,010.12 hectares).

The transaction was a progressive lease of the *unoccupied portion* of the estate only, with the right and obligation to purchase the land leased in the event that certain legislation should be passed in the future. Under its terms Mr. Carpenter was compelled promptly to

lease any part of the estate which might become vacant. The legislation referred to has since been passed (see act No. 1847, Exhibit B), and Mr. Carpenter is now therefore under obligation to purchase his holdings. The claim that under the agreement he will receive a stated additional quantity of the estate each year until he has acquired all of it is false. The tenants on the portion of it which was occupied at the time the lease was issued to him, *and others whom he has allowed to come on since*, have all purchased their holdings, and he could not dispossess them if he desired to do so.

There has never been any secret as to the lessee of this land. Prior to entering into the arrangement finally consummated, Mr. Carpenter sought and obtained, through official channels, the approval of Governor General James F. Smith. The correspondence covering this subject follows:

THE GOVERNMENT OF THE PHILIPPINE ISLANDS,

EXECUTIVE BUREAU,

Manila, January 11, 1908.

SIR: I have the honor to request that there may be made of record the authority recently given by you orally to me to lease or purchase land on friar-land haciendas near Manila, it being understood that any interest which I may develop in this connection shall not interfere with the performance of my official duties.

I desire also to state that I am the owner of two small parcels of land within the limits of the city of Manila, neither of which at present has any permanent buildings. As these two investments do not contemplate engaging in any business, I do not understand that they come within the purview of the civil-service law or rules.

Very respectfully,

F. W. CARPENTER,
Assistant Executive Secretary.

[First Indorsement.]

EXECUTIVE BUREAU,

Manila, January 16, 1908.

Respectfully returned to F. W. Carpenter, assistant executive secretary, approved, provided, however, that the lease of any friar-land estate shall be accomplished in the usual manner.

JAMES F. SMITH, *Governor General.*

He also consulted me as to the propriety of his proposed action, and I encouraged him to go ahead. He further discussed the matter with leading Filipinos, and with representatives of the American and the Spanish-Filipino press. In short, nothing could have been more open and aboveboard than was his action. The facts were perfectly well known to the public, and his action did not elicit a single protest from the people whose rights Representative Martin assumes to protect, nor, indeed, from anyone else. On the contrary, it was generally approved.

Representative Martin carefully refrained from including the text of the lease in his speech. Had he done so, the untruth of many of his

statements concerning it would at once have become apparent. It reads as follows:

This agreement made and entered into in duplicate, at the city of Manila, on this, the 20th day of April, A. D. 1908, by and between C. H. Sleeper, in his capacity as director of lands, acting for and on behalf of the government of the Philippine Islands, pursuant to authority conferred upon him by friar-lands act No. 1120, married, with cedula numbered 1,300,000, dated Manila, P. I., January 13, 1908, hereinafter referred to as party of the first part; and Frank W. Carpenter, married, with cedula numbered 1,309,214 F, dated Manila, P. I., February 10, 1908, hereinafter referred to as party of the second part;

Witnesseth, That for and in consideration of the promise of said party of the second part, to take in lease, under certain terms and conditions hereinafter enumerated, any and all unoccupied tracts of land, or tracts which may hereafter be vacated by the present occupants thereof, which belong to the government of the Philippine Islands, and constitute the property more specifically known and designated as the "Tala estate," said party of the first party hereby agrees to reserve from lease or sale to any person or persons other than said party of the second part, said unoccupied and vacated lands of said estate, and to hold said lands for the exclusive uses and purposes of said party of the second part.

I. It is mutually agreed by and between the parties hereto that said parties shall execute leases for terms of three years each, on tracts of not less than 300 hectares in extent, at the annual rental of 30 centavos per hectare; *Provided*, That no crop has been harvested during the year, or at the annual rental of 1 peso and 50 centavos per hectare for all lands which produce a crop; the word "crop" being construed to mean a marketable crop harvested from the leased or occupied lands, which shall net the owner a minimum of 20 pesos per hectare, but the word "crop" shall not be construed to include that which may be planted for the purpose of preventing the growth of cogon, or other vegetation which may become injurious to a long-term crop. It is further agreed that said party of the second part shall lease as a minimum the following areas:

	Hectares.
First year-----	300
Second year-----	900
Third year-----	1,500

and 500 hectares per year additional thereafter until all of the available lands on said estate have been leased.

II. It is further agreed that in case application is made by other parties than said party of the second part to lease or purchase any of said reserved lands of said estate, not actually held in lease by said party of the second part, it will be incumbent upon said party of the second part immediately to execute a lease or leases covering said lands, at rates applicable to other tracts for which leases have been executed, as provided in the first clause of this agreement: *Provided, however*, That in case of the neglect or refusal of said party of the second part to execute said leases, said lands may then be leased or sold at the discretion of said party of the first part in the manner provided by law.

III. It is further agreed that said party of the first part hereby grants to said party of the second part the preference right to lease any lands of said estate now occupied or leased which in future may be abandoned or vacated by the present occupants thereof: *Provided, however*, That said party of the second part shall lease said lands at the rate paid by former lessees immediately

upon notification in writing by said party of the first part so to do, and should said party of the second part fail or neglect to lease said lands, as herein provided, then said party of the first part shall have the right to dispose of said lands in accordance with the proviso of the second clause of this agreement.

IV. It is further agreed that said party of the second part shall cultivate two hundred hectares during the first year of lease, six hundred hectares the second year, one thousand hectares the third year, and five hundred hectares per year thereafter, until the entire area occupied and leased by him is under cultivation; and for the purposes of this agreement, the grazing of cattle shall be considered as cultivation: *Provided, however,* That any tract of land not susceptible of cultivation shall be excluded from the provisions of this clause.

V. It is further agreed that if the Legislature of the Philippine Islands shall amend the friar lands act by making provisions for the sale of large tracts of the friar lands to persons not actual and bona fide occupants as defined therein, upon the same terms and conditions as those providing for the sale of actual and bona fide occupants that said party of the second part will buy, and said party of the first part will sell, the lands covered by the terms of this agreement: *Provided, however,* That in case said friar lands act is not amended as specified, then said party of the first shall continue to lease said lands to said party of the second part, if requested to do so, and, if not so requested, he shall then proceed to lease or sell said lands in the manner provided by law.

VI. It is further agreed that the said party of the second part shall keep trespassers from occupying any portion of said lands, which are hereby reserved for him, and to advise said party of the first part at the end of each calendar year of the area occupied and cultivated by him or his agents.

VII. It is further agreed that all rents which shall become due upon leases executed under the provisions of this agreement shall be paid annually before the expiration of the lease year, at the office of the agent of the Tala estate, or at the office of the party of the first part, in the city of Manila.

VIII. It is further agreed that said party of the second part shall have a right to subrent or sublease any or all lands which are leased to him: *Provided, however,* That the conditions of said sublease shall not be repugnant to the terms of the leases held by said party of the second part.

IX. It is further agreed that in the event of war or insurrection or disturbance of the public order which may prevent the continued development work by said party of the second part upon the lands held by him in lease, the obligations of the said party of the second part to the government for the year in which the disorder or disturbance occurs shall be canceled upon the submission to the said party of the first part of reasonable evidence of the fact.

X. It is further agreed that said party of the first part will, in his official capacity, endeavor to obtain on the Tala estate adequate police protection and to secure all possible assistance from the government for the construction of highways and bridges on and to the lands of said estate.

In witness whereof said parties have hereunto set their hands upon the date and at the place first hereinabove written.

C. H. SLEEPER, *Director of Lands.*

FRANK W. CARPENTER.

The statements relative to the disposition of tenants in favor of Mr. Carpenter, made here and elsewhere in Representative Martin's speech, are pure nonsense.

As Representative Martin himself well knows, for he has quoted the record in his speech, the director of lands *can not* dispossess a

tenant for failure after eight days' notice to purchase or lease his holdings. The only thing that a tenant needs to do in order to retain the right to purchase or lease his holdings is to state his *desire* to do the one thing or the other within eight days of the time when he is enjoined so to do! No machinery has been provided for dispossessing tenants in accordance with the wishes of purchasers on this or any other estate. *The records show that no tenant on the Tala estate has ever been ejected from his holding.* But why discuss this matter at all? There are now no tenants on the previously occupied portion of the Tala estate. The occupants have all purchased their holdings.

It is not true that native tenants pay \$1.17 per acre, hit or miss. At the time Mr. Carpenter's lease was issued practically all the land on this estate which occupants considered worth cultivating had been taken up. There remained only wild land which had never been cultivated, or had been abandoned for years, so that it was covered with rank tropical growth. The occupied land was improved rice land. It is absurd to compare the rentals charged without giving due consideration to these facts.

No sooner had Mr. Carpenter rented a part of the unoccupied lands on this estate than numerous Filipino would-be tenants of such lands sprang up. Mr. Carpenter *very kindly waived in their favor his right to rent all of the unoccupied land, and every applicant was allowed to acquire such amount of it as he wished.* In this way Mr. Carpenter gave up his right to rent 8,958 acres.

The following table shows the number of parcels, aggregate areas, classification, and annual rentals per hectare of the unoccupied land on the Tala estate, which was applied for and leased by outsiders (*not* by occupants) subsequent to the date of Mr. Carpenter's preliminary contract:

Class of land.	Number of parcels.	Area.			Rate per hectare.
Rural:		a.	a.	c.	
First class.....	17	1	96	25	P20.00
Second class.....	6	2	23	40	10.00
Agricultural, unirrigated:					
First class.....	1		5	60	9.00
Second class.....	11	9	63	00	7.00
Third class.....	22	20	44	20	5.00
Fourth class.....	71	146	44	20	2.00
Fifth class.....	172	3,402	25	37	1.00
Total.....	300	3,583	02	02	.....

From this table it will appear that all but 180.76 hectares (451.9 acres) was the lowest class of unirrigated agricultural land, and that the annual rental for such land charged these tenants was P1 per hectare, or 20 cents gold per acre, without obligation to cultivate. This fifth-class land was identical with the bulk of that leased by Mr. Carpenter, and under the terms of his lease he had the right to claim it.

The Filipino lessees refused to accept the conditions as to rental imposed on Mr. Carpenter, rightly believing that the rate of 20 cents gold per acre without obligation to cultivate was much more favorable than the rate given Mr. Carpenter of 6 cents gold per acre, *with* the obligation to cultivate, and with the further provision that the rate should be raised to 30 cents gold per acre on all land which produced a crop netting him a minimum of \$4 per acre. It should be remembered that before such a crop can be produced it is usually necessary to cultivate wild land for three years in order to kill out the tropical vegetation and sweeten the acid soil. Be it further remembered that Mr. Carpenter is *required* by his contract to cultivate 300 hectares the first year, 900 the second year, 1,500 the third year, and 500 per year additional thereafter until he has brought the whole tract leased to him under cultivation, regardless of the fact that such cultivation will at the outset result in considerable financial loss. Should this consideration influence the rental?

The average sale value of the land leased by Mr. Carpenter is \$7.48 per acre. The interest on this amount at 4 per cent per year is \$0.299. Mr. Carpenter will therefore pay \$0.239 per acre *less* than the interest on the value of his land prior to the time it produces a crop netting him not less than \$4 per acre, and \$0.001 *more* than the interest after it produces such a crop. This would obviously be better for the government than to have the land lie idle, but it should further be remembered that the amount paid in rental is *merely part payment of the purchase price*; and, as Mr. Carpenter is *compelled* to purchase, the final result in his case will be the same whether the rental now charged him be less or more than the interest on the value of the land.

Briefly then, it is idle to compare the rental charged for improved rice land which is producing a considerable income, and which may be cultivated or not as the owner decides, with that charged for wild land which the owner is *compelled* to cultivate at a loss. The only fair comparison is between the rate charged Mr. Carpenter and that charged others who rented the same kind of land.

As stated, the fact is that Filipino would-be tenants of such land refused to accept the conditions imposed upon Mr. Carpenter, and were given the more advantageous rate of 20 cents per acre without obligation to cultivate. Furthermore, they were allowed to select their land, while Mr. Carpenter was compelled to take all land remaining or becoming vacant, including some that is practically worthless.

In this connection I would suggest the inquiry why Representative Martin, who has so severely criticized the arrangement entered into with Mr. Carpenter, has failed to so much as mention the very similar, but slightly more advantageous, arrangement entered into with Señor Arturo Dancel, a Filipino, who has leased 1,452 acres of land on the neighboring Piedad estate *on precisely the terms of Mr. Carpenter's lease, except that he is not required to take over any additional land, and*

is not required to cultivate. This is but one more instance of the fact that Representative Martin uses only such part of the record as suits his purpose.

He inquires where Mr. Carpenter procured, or will procure, the means to pay for his holdings, "a sum ranging somewhere between one and two hundred thousand dollars," and expresses the opinion that he has secured the estate for purely speculative purposes, or as the agent of undisclosed principals.

That portion of the estate which Mr. Carpenter has the right to purchase is appraised at \$37,625, payments for which may be spread over a period of 20 years. The average sale value of the land leased to Mr. Carpenter is \$7.48 per acre. The following tabulation shows the appraised value, the estimated interest to the date Mr. Carpenter would probably purchase under his contract, the estimated amounts of credits, and the total net value at the date of sale:

Appraised value January 1, 1910.....	\$37, 625. 00
Estimated interest to December 31, 1912.....	3, 445. 50
Value on sale date.....	41, 070. 50
Rents credited (estimated).....	1, 070. 50
Net sale value	40, 000.00
Purchase price 20 equal installments at \$2,000 each:	
First installment.....	2, 000. 00
Interest at 4 per cent.....	1, 600. 00
Total first payment.....	3, 600. 00

Interest on unpaid balances will decrease at rate of \$80 per annum.

The maximum annual payment would, therefore, be 72 cents, gold, per acre, which amount would decrease slightly with each succeeding year. It would seem possible that even rather poor agricultural land might produce this amount, and that all Mr. Carpenter needed to do in order to be able to pay for the land would be to cultivate it in accordance with the terms of his lease.

In point of fact, he has been actively doing this. He is planting kapok and raising cattle.

There is not the slightest reason for believing him to be the agent of any undisclosed principal. He states emphatically that he is not, but is acting solely for himself.

I have elsewhere called attention to the fallacy of Representative Martin's statements that tenants on this estate can be dispossessed in favor of Mr. Carpenter, and to the further fact that not one of them has ever been dispossessed.

Of the 5,025 acres rented by Mr. Carpenter, only 21 acres have been occupied by tenants on the estate. This land was far distant from the other land occupied by tenants, and was by them voluntarily offered to Mr. Carpenter on account of the difficulty involved in working it, and for the reason that their remaining land was sufficient for their needs.

Mr. Carpenter himself has brought on to his lands subtenants who are working on shares. He has promised them that, in the event of his purchasing what he is at present leasing, they may purchase from him at any time on the same terms which he gets.

Mr. Carpenter is one of the most efficient and faithful employees of the insular government. During long periods when the press of government work was severe he has repeatedly overworked to such an extent as seriously to impair his health. The governor general has sometimes found it necessary to order him to the provinces to give him a respite from office work. His activities in connection with the Tala estate have never interfered in the slightest degree with his official duties.

He received from the governor general advance approval of his plan to lease part of this estate. His every act in connection with the estate has been public, and even the most rampant anti-American and "electrical-independence" Filipinos have found nothing in his action to criticize. In fact, there has never previously been a breath of slander in connection with his official or private acts. It remained for Representative Martin to attempt to befoul his name with absolutely false and groundless charges.

Representative Martin cites no other instance of the "grabbing" of *friar* lands by insular government officials, but under the misleading heading, "Philippine government officials grabbing friar lands," makes a charge against me in connection with the renting of *public* lands.

THE CHARGE THAT THE PHILIPPINE SECRETARY OF THE INTERIOR HAS IMPROPERLY APPROVED THE LEASING OF A TRACT OF PUBLIC LAND TO HIS NEPHEW AND HAS THUS BEEN GUILTY OF CORRUPT AND IMMORAL CONDUCT AND OF MALFEASANCE IN OFFICE.

In this connection, and under the misleading heading, "Philippine government officials grabbing *friar* lands," Representative Martin makes the following statements:

The report filed by the Secretary of War on Saturday last also discloses the lease of 3,000 acres of valuable public land for a period of 25 years at 20 cents in Philippine money per acre per annum, the minimum fixed by law, to one E. L. Worcester, who is the nephew of Dean C. Worcester, the Philippine secretary of the interior, the official, who under the law, must approve all sales and leases of Philippine lands. The lease of public lands at such a rental for a period of 25 years is in itself such a criminal betrayal of official trust that any official in this country guilty of such conduct would be summarily dismissed from office. Without further enlarging upon this proposition at this time, I have no hesitancy in repeating the charge made in a resolution of investigation this day introduced by me, that the sale of the Tala estate to Carpenter and the lease of the public lands to Worcester are so criminally corrupt and immoral as to constitute malfeasance in office upon the part of the officials involved in those transactions. The lack of any sense of official decency or responsibility thus displayed not only accounts for the failure of our land policy in the Philippines, but spell the utter unfitness of the Philippine administration, for which condition the administration at Washington is directly responsible, both upon precept and authority.

Particular attention is invited to his claim that—

The lease of public lands at such a rental for a period of 25 years is in itself such a criminal betrayal of official trust that any official in this country guilty of such conduct would be summarily dismissed from office.

If this be true, then there must be something unlawful, or at least unusual, in the size of the tract leased, the rate of rental fixed, or the time for which the lease runs.

Representative Martin states that this lease was for 3,000 acres of land. This statement is a fair sample of the deliberate falsehoods sown throughout his speech. *The lease of a 3,000-acre tract of public land would be illegal.* The tract actually leased to my nephew contained 2,443.46 acres, *and was therefore a tract of legal size.* My nephew is a citizen of the United States, and was entitled to lease it.

The provisions of law on this subject are embodied in section 22 of the public-land act and read as follows:

SEC. 22. *Any citizen of the United States, or of the Philippine Islands, or of any insular possession of the United States, or any corporation or association of persons organized under the laws of the Philippine Islands or of the United States or of any State, Territory, or insular possession thereof, authorized by the laws of its creation and by the laws of the Philippine Islands and the acts of Congress applicable thereto to transact business in the Philippine Islands, may lease any tract of unoccupied, unreserved, nonmineral agricultural public lands, as defined by sections eighteen and twenty of the act of Congress approved July first, nineteen hundred and two, providing a temporary government for the Philippine Islands, and so forth, not exceeding one thousand and twenty-four hectares, by proceeding as hereinafter in this chapter indicated.*

One thousand and twenty-four hectares are 2,529.28 acres.

The rate of rental fixed in the lease, and the period for which the lease runs, are also in strict accordance with law, *and are indential with the rate and period fixed in every lease of a tract of public land more than 16 hectares in extent which has been issued since the American occupation.*

The existing provisions of law on these subjects are found in sections 27 and 28 of the public lands act, and are as follows:

SEC. 27. The rate per hectare per annum for lands leased under this chapter shall be fixed by the chief of the bureau of public lands, with the approval of the secretary of the interior, *and shall in no case be less than fifty centavos, Philippine currency, per hectare per annum; said rent shall be paid yearly in advance, the first payment being deposited with the chief of the bureau of public lands before the delivery of the lease.*

SEC. 28. *Leases hereunder shall run for a period of not more than twenty-five years, but may be renewed for a second period of twenty-five years, at a rate to be fixed as above indicated, which rate shall not be less than fifty centavos per hectare and shall not exceed one peso and fifty centavos Philippine currency, per hectare.* Land leased hereunder shall not be assigned or sublet without the consent of the chief of the bureau of public lands and the secretary of the interior. [Italics supplied.]

This act was approved by the President of the United States, and received the sanction of Congress, as provided by section 13 of the act of Congress entitled "An act temporarily to provide for the administration of affairs of the civil government in the Philippine Islands, and for other purposes."

Under its terms the maximum rental which may be exacted during the *second* period of 25 years, when land has presumably been improved, and has reached its maximum of productivity, and consequently has a maximum rental value, is 60 centavos Philippine currency (\$0.30) per acre (₱1.50 per hectare).

It has been, and is, the practice of the director of lands and the secretary of the interior to fix the rental on practically ALL public lands for the first period of 25 years at the minimum rate.

The records of the bureau of lands show that up to date there have been rented in the Philippine Islands a total of 8,100.5 acres of public lands, of which 8,078.5 have been rented at 50 centavos per hectare (20 centavos Philippine currency per acre), the exact price charged my nephew. The remaining 22 acres only have been rented at a higher rate, namely, 60 centavos Philippine currency per acre. *Those 22 acres were really town lots.*

When my nephew applied for the privilege of leasing this land I recognized the fact that my approval of the rate of rental, however fair that rental might be, might be seized upon by some vicious person as the basis for a charge that I had favored a relative. I therefore instructed the director of lands to send his recommendation relative to the matter direct to the governor general; to call the attention of that official to the fact that the lessee was my nephew, and to request him to act upon the lease. During my absence the director of lands raised the legal point that the governor general *could not* act for the secretary of the interior in such a matter. Upon my return to Manila I accordingly acted myself, but instead of returning the papers to the director of lands, as I should do in any ordinary case, *I forwarded them to the governor general, specifically calling his attention to the fact that the lessee was my nephew, in order that full publicity might attach to the whole transaction.* I now call attention to the record in the case, which follows:

MANILA, March 13, 1909.

DEAR MR. ZINN: The inclosed is a report on the lease application of Mr. Worcester's nephew, and Mr. Worcester desired me to invite his attention to this report so that he might have the governor general approve it, but under the provision of section 26 of Act No. 926 it appears to be the duty of the secretary of the interior to act on same, so I send this memorandum to you for your consideration.

C. H. SLEEPER, *Director of Lands.*

Mr. Zinn is my private secretary.

DECEMBER 22, 1908.

SIR: In compliance with your instructions of the 1st instant, I visited the land applied for by E. L. Worcester (Lease Application No. 65) for the purpose of appraising same.

The land is situated approximately 12 miles in a northeasterly direction from Cabanatuan, in the barrio of Cabucbucan, municipality of Bongabon, province of Nueva Ecija. The southern limit of the land is about a mile from the Rio Grande de Pampanga and extends in a northerly direction for a distance of 9,300 meters with a width of 800 to 1,600 meters. The land is open with a few scattered trees and ant hills, and slopes gradually from the northern to the southern limit, being crossed by numerous arroyos of shallow depth. The land is thinly covered with a short grass, showing that the soil is of a very indifferent quality. The soil of the northern part is of sandy nature with gravel base a short distance below. The soil near the southern limit is some richer, due no doubt to the surface soil having been washed down from the upper slopes. However, even the best soil is of very poor class, and will require a large expenditure of labor and money to build it to a productive point. At the present time there is no habitation, excepting the barrio composed of laborers employed by Mr. Worcester and his own home, within 5 miles of the land.

As there is a large quantity of government land in this vicinity, the establishment of Mr. Worcester will be a stimulant to induce others to take up adjoining land and thereby build up the country.

In view of the poor conditions of the soil and conditions attending the establishment of a new colony in a remote district, it is recommended that the minimum rate of 10 pesos per hectare be the appraisement of this land.

Very respectfully,

W. R. CLUTE,
Inspector, Bureau of Lands.

The DIRECTOR BUREAU OF LANDS.

MARCH 12, 1909.

SIR: In accordance with section 26, Act No. 926, I have the honor to state that I have examined the application of E. L. Worcester, of Cabanatuan, Nueva Ecija, to lease 977 hectares 38 ares and 3 centares of public land situated in the sitio of Mataas na Cahoy, barrio of Cabucbucan, province of Nueva Ecija, and have determined therefrom and from the certificate of the director of forestry as to the character of the land that the applicant is entitled to lease the land in question, which appears to be unoccupied, unappropriated, unreserved, nonmineral, agricultural public land.

The land applied for has been appraised at ₱10 per hectare, in accordance with section 27 of the public land act, and should therefore be leased at the rate of 50 centavos per hectare per annum.

Very respectfully,

C. H. SLEEPER,
Director of Lands.

The SECRETARY OF THE INTERIOR, *Manila, P. I.*

MANILA, *March 15, 1909.*

SIR: Your findings in the above-entitled application to lease public lands are hereby approved, and you are directed to proceed with the lease as provided in Chapter III of the public-lands act.

Very respectfully,

DEAN C. WORCESTER.

The DIRECTOR OF LANDS, *Manila.*

[First indorsement.]

DEPARTMENT OF THE INTERIOR,

Baguio, March 15, 1909.

Respectfully returned to the director of lands through the honorable the governor general.

In view of the fact that the lessee in this instance is a nephew of the secretary of the interior, the fact of the issuance of this lease is called to the attention of the governor general so that no claim may ever be made that due publicity did not attach to it. The rental charged is that which has been charged invariably for public land of similar character.

DEAN C. WORCESTER,

Secretary of the Interior.

[Second indorsement.]

EXECUTIVE BUREAU,

Manila, March 22, 1909.

Respectfully returned to the director of lands, contents noted.

JAMES F. SMITH, *Governor General.*

The tract of land thus rented was wild land, which, so far as is known, had never been cultivated at the time it was leased. It is 10 miles from a railroad, is the same distance from any improved public highway, and during the rainy season the only transportation available in connection with it is that afforded by the Pampanga River. As above shown, it is of somewhat less than ordinary fertility, but on the other hand requires little or no clearing of trees before cultivation.

If the approval of the lease of this land to my nephew at the same rate which had invariably been charged for very much more valuable land leased to others, after trying to have the governor general act on the lease, and after special steps to make my action public, constitutes an act "so criminally corrupt and immoral as to constitute malfeasance in office," I can only say that my conduct in dealing with the general public has been even more censurable.

The director of lands and the secretary of the interior hold that they were correctly interpreting the will of Congress in charging the minimum rate of rental for unimproved wild land of less than ordinary fertility, so situated as to lack adequate transportation facilities. Indeed, it is not seen what other factors *could* afford a reason for charging a lower rental, as with so much land of ordinary fertility available, no one would be foolish enough to lease *exceptionally sterile land.*

The fact is, as above stated, that we have always charged the minimum rate on everything but town lots which, in accordance with a decision of the supreme court of these islands, must be considered *agricultural* lands if they are *public* lands. We believe that it is far better to have land cultivated, and bringing something to the government and the country, rather than to have it lying unproductive.

Finally, the actual difference between the minimum and maximum annual rentals which may be charged on a 2,500-acre tract of public land is just \$512!

THE CHARGE THAT FUNDS APPROPRIATED BY ACT NO. 1736 OF THE PHILIPPINE LEGISLATURE HAVE BEEN USED TO STIMULATE THE CULTIVATION OF SUGAR CANE ON ESTATES TAKEN POSSESSION OF BY THE MANILA RAILROAD COMPANY, THE SPEYER SYNDICATE OF NEW YORK.

Mr. Martin has said:

That after appropriating ₱100,000 of public funds to loan to agriculturists who had lost everything and were unable to put in their crops, rules and regulations were issued whereby these loans could be made only for the purpose of cultivating sugar cane in certain restricted areas where the tenants were compelled to furnish the cane to certain mills located on estates which had been taken possession of by the Manila Railway Company, the Speyer syndicate, of New York.

GOVERNMENT LOANS TO STIMULATE SUGAR PRODUCTION ON CERTAIN FRIAR ESTATES.

On October 2, 1907, the Philippine Commission enacted a law providing for the loaning of government funds to encourage agriculture. The title and first two sections of this act are as follows:

“FRIAR LANDS LOAN FUND.

“[No. 1736.]

“AN ACT Appropriating the sum of ₱100,000 for the purpose of establishing a reimbursable fund for the promotion of agricultural pursuits upon certain haciendas and parcels of land, commonly known as friar lands, and for the extension of the cultivated area thereof.

“*By authority of the United States, be it enacted by the Philippine Commission, that:*

“SECTION 1. There is hereby appropriated, out of any funds in the insular treasury not otherwise appropriated, the sum of ₱100,000, for the purpose of establishing a reimbursable fund under the direction and control of the director of lands, except as hereinafter provided, which shall be known as the friar lands loan fund, and which shall be made available in accordance with the provisions hereinafter specified, for the making of mortgage loans upon growing crops and salable commodities manufactured therefrom, work animals, warehouses, mill houses and machinery, and other property, both real and personal, belonging to actual and bona fide cultivators of the so-called friar estates, for the encouragement of agricultural pursuits and the extension of the cultivated areas of the said estates.

“SEC. 2. The secretary of the interior shall designate to the director of lands the maximum amount of the friar-lands loan fund which may be loaned in accordance with the provisions of this act within any given period of time, the rate of interest which such loans shall bear, the term within which the mortgages shall be redeemed, the estate or estates to which the provisions of this act shall be extended, the kind or

kinds of crops or salable commodities manufactured therefrom, and the class or classes of buildings, animals, or other property, both real and personal, which may become subject to mortgage as herein provided, the manner in which advances of loans shall be made, and the maximum amount which shall be advanced for each hectare under cultivation: *Provided, however,* That in no case shall the maximum amount so advanced exceed ₱100 for each hectare cultivated by the mortgagor."

Recently the above matter, together with the balance of the act, was transmitted to Representative Olmsted by the War Department, and on March 28 Mr. Olmsted, chairman Committee on Insular Affairs, caused it to be printed in the Congressional Record (pp. 3891-3892).

It will be observed that by the terms of the act the Philippine secretary of the interior was directed to designate to the director of lands the terms and restrictions under which these government funds were to be loaned.

One naturally would surmise that the act was for the commendable purpose of encouraging agriculture in general on the various friar estates. That such is not the case will be seen by the following rules and regulations promulgated by the director of lands, as published in the Report of the Philippine Commission, 1908, volume 2, pages 230-232, but not transmitted to Congress:

"REGULATIONS CONCERNING FRIAR LANDS LOAN FUND ACT.

"I. These regulations are issued in accordance with the provisions of the friar lands loan fund act, No. 1736.

"II. Until further instructions loans made from this fund shall be made within the Santa Rosa, Calamba, Binan, Imus, San Francisco de Malabon, and Santa Cruz de Mabalon estates, and the consequent encouragement of the sugar-growing industry on said estates.

"III. Not more than 80 per cent of the total fund shall be withdrawn and loaned at any one time.

"IV. All loans shall bear interest at the rate of 12 per cent per annum, which interest shall begin to accrue from the date of each advance of funds made upon any mortgage loan.

"V. The terms of any loan shall be the actual and necessary period required for the preparation of land for planting and cultivation of the land, for the harvesting and manufacture of sugar crops into salable commodities, and such additional time awaiting sale of said commodities as may be determined by the director of lands: *Provided,* That in no case shall the term of any loan exceed 20 months.

"VI. Mortgage loans may be made upon growing sugar crops, which term is intended to include the harvested sugar cane and any salable commodity manufactured therefrom; work animals indispensable to proper cultivation of sugar lands; warehouses and other buildings for storage of sugar crops; mill houses and machinery utilized for the purpose of manufacturing sugar cane unto salable commodities; and any other property, both real and personal, which may be accepted as collateral security for the payment of the mortgage debts: *Provided,* That mortgages only upon buildings of strong material shall be accepted as collateral security.

"VII. Bona fide occupants and cultivators of sugar lands upon the designated estates, of lawful age, and leasehold tenants of the government of the Philippine Islands, who are in need of financial aid to properly cultivate, harvest, and manufacture into salable commodities the sugar crops which they desire to produce from the

lands held by them in lease, may apply to the director of lands, through his local agent, for mortgage loans to the amounts required."

Native tenants on other estates and those growing crops other than sugar cane needed money and applied for it, but not a dollar could they get, as is shown in the same report (p. 233), where the director of lands says:

"The total loans made aggregate ₱11,690, of which ₱11,000 were used for the purchase of draft animals, including 51 carabaos and 29 bullocks, to be used for the cultivation of sugar lands on the friar estates in Cavite and Laguna Provinces. * * * Many informal applications for friar loans have been received, but nearly all were either from the estates to which the loan privilege had not been extended or were for the cultivation of other crops than sugar, and recommendations regarding such loans will be made in the near future."

The loans, therefore, are to be made for the sole purpose of stimulating the production of sugar, and can only be made on certain estates which are reached by the lines of the Manila Railway Co. and which estates are equipped with sugar mills.

It is equivalent to Congress appropriating money ostensibly to be loaned to American farmers for promoting general agriculture, but in reality with a view to having our secretary of the interior or secretary of agriculture issue such rules and regulations as would prevent its being loaned to farmers who grew cotton, or corn, or oats, or any other crop except wheat, and only to such wheat farmers as grew wheat for certain specified mills, all of which were located within the confines of two States and on the line of one particular railroad.

I have already cited this charge as an illustration of the absolutely false and unfounded statements which abound in Representative Martin's speech. He says that one would naturally surmise that the act was one for stimulating agriculture on the various friar estates. One totally unfamiliar with conditions on the several friar estates might reach such a conclusion. The fact is that there were at this time a number of estates, and especially those largely given over to rice culture, upon which the tenants were able to take care of themselves and pay their rent or purchase their holdings. Rice lands were cultivated to a large extent throughout the insurrection and most of their occupants were at this time making money. The reverse was true of sugar lands, especially upon the Calamba and Santa Rosa estates. The disastrous drop in the price of Philippine sugar, the destruction of mills and machinery during the war, and the death or retirement from the country of many Spaniards who had directed and capitalized sugar-growing operations, combined with the disturbed state of public order, had led to the almost complete abandonment of sugar lands, which had in consequence become covered with a rank growth of tropical grass and bushes so that heavy expense was involved in again bringing them into suitable condition for planting with cane. Many of the occupants were, in consequence, really unable to pay rent, and it was obvious that this condition was likely to continue indefinitely unless the government assisted them; while on the other hand if aid, through the medium of government loans, was extended to them, so that they could get on their feet,

there was good reason to believe that they would be able to lease, and ultimately to purchase, their holdings.

At the proper time I took the matter up with the commission and secured the passage of Act No. 1736, which made available 100,000 pesos for this purpose. The sum was less than requested, and we were told that if the experiment worked out we might later ask for an increase. Under these circumstances loans were naturally made with great care. They were, in fact, at the outset kept confined to the estates near Manila, where a close check could be kept upon the operations of their recipients. Numerous applications were received from prosperous owners of rice lands who did not need the money in order to cultivate their holdings and pay rent. Such requests were denied.

It is a somewhat dangerous financial transaction to advance money on draft animals which may die or on possible future crops. The policy of making such loans has, however, been gradually and cautiously extended and has thus far proved fairly successful.

As previously stated, the Manila Railway has not taken possession of the estates in question, nor of any of them; has no holdings on any of them, except a right of way 30 meters wide and land necessary for station yards and ballast pits, amounting to 423.08 acres in all, and is not interested in any sugar mills. The tenants mill their own sugar, using antiquated machinery for this purpose. Not so much as a suggestion has ever been made to them as to where their sugar should be milled. In short, this transaction has been a bona fide and reasonably successful effort to aid impecunious tenants. The Manila Railway has had no interest in it, and has not profited by it, directly or indirectly, unless it be that the increased prosperity of the tenants has enabled them to travel more frequently on its trains.

I invite special attention to the statement that—

The loans, therefore, are to be made for the sole purpose of stimulating the production of sugar and can only be made on certain estates which are reached by the lines of the Manila Railway Company and which estates are equipped with sugar mills.

Representative Martin finds it convenient to ignore the fact that the Santa Cruz de Malabon estate is not reached by the railway in question; also the further fact that on August 21, 1908, the provisions of these regulations were extended to the Naic estate, in the province of Cavite; the Tala estate, in the province of Rizal, and the Banilad and Talisay-Minglanilla estates, in the province of Cebu, none of which are reached by the railway in question or are equipped with sugar mills other than the very primitive mills owned by individual occupants.

No further argument is needed to show that the closing statement in the extract quoted from Representative Martin's speech on page 1141 is entirely false.

THE CHARGE THAT NATIVES HAVE BEEN PREVENTED FROM PURCHASING PUBLIC LANDS.

Relative to this matter Representative Martin has made the following statements, among others:

PHILIPPINE GOVERNMENT POLICY IN DISPOSING OF OTHER PUBLIC LANDS.

As has been seen, on June 30, 1908, after having occupied the islands for 10 years, our officials in the Philippines had issued sale certificates on friar lands to but 446 out of the more than 60,000 tenants of those lands, and these 446 sale certificates cover but 1,600 of the 400,000 acres purchased from the friars. The policy of preventing the native tenant farmers from acquiring a few acres of the friar lands seems also to apply to the disposition of the 60,000,000 acres of Crown lands which Spain ceded to the United States and which the United States turned over to the Philippine government under the organic act of July 1, 1902. It appears that while several thousand free patents and homesteads have been issued, but 219 natives have been able to purchase any portion of this vast public domain. This mere handful of favored people have managed to secure a little less than 14,000 acres, which does not make much of a hole in the 60,000,000 acres turned over to the Philippine government to be used for the benefit of the Filipino people.

The reason why so few sales have been made seems to be disclosed in two paragraphs of the 1908 report of the director of lands. In this report he says (vol. 2, p. 248):

"Applications to purchase small parcels continue to be received. These applications range from 5 hectares to as small as 16 centares. (One hectare equals 2.47 acres; 1 centare equals 1.2 square yards, or one three-thousand-two-hundred-and-fourth part of an acre; 16 centares equal 19 square yards, or one two-hundredth of 1 acre.) As was stated in last year's report, these small parcels can not be sold at a reasonable value per hectare without incurring loss to the government. It is manifestly a poor business proposition to make a sale simply for the sake of making it, where the government stands to lose anywhere from 40 pesos to 80 pesos. In last year's report it was shown that the survey of homesteads and the necessary office work entailed would cost the government about 50 pesos for each homestead, a clear loss of 30 pesos, after deducting the entry fee of 20 pesos received. It was shown that free patents would cost the government about 30 pesos each, with no receipts. It is manifestly necessary, therefore, that at least part of this should be recovered on sales and leases, and that these should be made at a profit.

"The practice has been inaugurated in cases where application to purchase ranged around 1, 2, or 3 hectares to inform the applicant that the land applied for has been appraised at a certain figure, and that figure is placed at an amount that is calculated will at least cover the expenses in connection with the sale if made. The sale of a small parcel, including advertising charges, office work, and survey, will not fall below 80 pesos. In an application to purchase 1 hectare the appraisement is fixed at 100 pesos, and in an application for a larger or smaller area the appraisement is fixed at a price per hectare proportionate to the above amount. The practice is probably an arbitrary one, but it seems the only way out of the difficulty. An applicant is not always awed at a large price, however."

It is extremely doubtful if in the disposition of our public domain the gross receipts have begun to cover the field and administrative expenses connected therewith. At

all events, those expenses have not been the determining factor. The theory has been that the public domain belonged to the people, and the policy has been to give these lands to the people, regardless of the field or administration cost.

The policy adopted by the American Government in the Philippines is contrary to the purpose and intent of Congress, and it seems pitiable indeed that when a native seeks to purchase even 1 hectare (2½ acres) out of the 60,000,000 acres of public lands, which did not cost the Philippine government a penny, he is informed that the land he wants has been appraised at 100 pesos (\$50) and that he must pay that amount if he acquires it. The enormity of such a practice only is appreciated when we consider the extreme poverty of the natives, the betterment of whose condition furnished the sole reason or excuse for purchasing these lands.

Under Spanish rule the customary wage of the natives for 12 to 14 hours' work a day was 50 cents per week. Gen. Hughes testified that if they got this pittance they were satisfied, but that the trouble arose from the fact that frequently they did not get even that amount. The wages on sugar plantations are said to have increased to just under 16 cents per day, or \$4.16 per month, or less than \$50 a year. No wonder there have been made but 219 sales when, to acquire a 2½-acre tract, the government requires from the native every penny he can earn if he works every day for a whole year. The fact that for wild land the government charges the native \$20 an acre, while for the same class of land it charges the Havemeyer syndicate \$6.60 per acre, would seem to indicate pretty clearly the land policy of that government.

It seems that during 10 years of American occupation of the Philippines 665 of the 8,000,000 natives succeeded in purchasing 15,331 acres of government land on 10 years' time, while in one day the Havemeyer syndicate acquires 55,000 acres on 19 years' time.

As the Philippine government declines to issue sale certificates to the natives who occupy the friar lands, charges them double the rent the friars charged, and if they would take up a hectare of crown lands, charges them as much for it as the total amount they can earn in a year's time, their future condition seems to be far more hopeless than it was before American occupation. Under Spanish rule they at least could squat on the land outside of the friar and other private estates without fear of molestation.

He has supplemented these statements with the following specific charge:

That the would-be native tenant purchasers of crown lands experience much the same difficulties as do those who would purchase friar lands.

That when a native applies to purchase 1 hectare (2.47 acres) of crown land, he is informed that the land he desires has been appraised and the value fixed at ₱100 (\$50). As a matter of fact, no appraisement has been made, but the price is fixed arbitrarily at a figure which will cover all the costs of administration charges, advertising, surveys, and so forth, and the result is that up to June 30, 1908, only 219 natives had been able to purchase any portion of the 50,000,000 acres of crown lands. In a country where a native is compelled to work six days a week for a whole year in order to earn \$50, it does not seem strange that so few of them can afford to pay \$50 for 2½ acres of land. The strange part of it would seem to be that with over 50,000,000 acres of agricultural lands belonging to the government a native should be compelled to pay \$20 an acre for the few acres which supply his wants.

His statement as to the policy pursued when a native applies to purchase 1 hectare of public ("Crown") land is substantially correct,

but by his failure to make any mention of the conditions under which it has been possible for a native to secure FOR NOTHING, under a free patent, land which he has been occupying and cultivating up to 40 acres; and by his failure to call attention to the fact that a native may homestead any desired amount of land up to 40 acres at a cost of 20 pesos, the payment of which may be spread over a period of seven years, Representative Martin has been guilty of grossly misrepresenting the facts as to the opportunity afforded natives to obtain public lands in small tracts.

I shall proceed to show that the failure of the Filipinos to acquire any very large amount of public land has been due not to the exorbitant price fixed on such land when purchased in parcels of less than 8 hectares, but to a radically different cause.

If the interest of the Filipinos could be stimulated to any considerable extent in the acquirement of titles to public land that interest would naturally be aroused in connection with the land which they are occupying and which they have long cultivated in whole or in part. There has been no necessity for their purchasing such land for the reason that the public-land act made provision for their obtaining free patents to it.

In this matter a most liberal policy was pursued. The director of lands was advised by me that if *any considerable portion* of a tract claimed showed evidence of having been cultivated this would be considered as occupation and cultivation of the entire tract within the meaning of the law. *Every effort was made to get the common people to take advantage of the opportunity thus to acquire their holdings without money and without price.* In order that no one might fail to do this through ignorance, information as to the conditions under which free patents would issue was disseminated through the medium of the public press, through circular letters addressed to provincial governors and municipal officials, who were instructed to make the facts known to their people, and through the children of the public schools, who were requested to carry the news home to their parents. Pamphlets setting forth the facts were printed in English, Spanish, Tagalog, Cebuana, Panayano, Ilocano, Pampango, and Bicol, and were widely distributed. (See Exhibits P, Q, R, S, T, U, V, W, X, Y, Z, and Aa.)

In a portion of the territory occupied by non-Christian tribes, employees of the bureau of lands were sent into the field to call *verbally* to the attention of the ignorant inhabitants the opportunity to secure title to their holdings and to assist them in making out the necessary applications.

The date fixed in the public-land act, as approved by Congress, before which free-patent applications must be filed was January 1,

1907. *On December 13, 1906, the Philippine Commission passed Act No. 1573, entitled "An act extending from January first, nineteen hundred and seven, to January first, nineteen hundred and nine, the time within which free patents may be granted to native settlers upon unreserved and unappropriated agricultural public lands."* If it was the policy of the Philippine government to reserve public lands for exploitation, why did the commission voluntarily take this action?

The privilege of applying for land under free patent continued from July 4, 1904, until January 1, 1909, yet, in spite of every effort on the part of the insular authorities to persuade the thousands upon thousands of natives who were entitled to free patent under the law to make application therefor, only 15,877 applications, covering 130,040 acres, were received.

If this was the outcome when their holdings were to be had absolutely without cost, what is the true explanation of their failure to purchase them? Absolute indifference as to whether or not they secure title to them.

They are squatting on their lands and no one is disturbing them. They do not wish to sell. This being the case, they ask, with some reason, why they should bother to obtain title.

But the door is still open to them and will remain so. They may homestead what they want in tracts of any desired size up to 40 acres. The charge for a homestead is but ₱20, while the payment may extend over a period of seven years at the rate of ₱4 per year during the first four years and ₱4 at the time of the final proof within three years thereafter. Surely this provision works no hardship on the poorest inhabitant of the Philippine Islands who may desire to acquire land. Yet Representative Martin bewails the fact that the bureau of lands has declined to expose the insular government to the risk of the absolutely needless loss which would result if any considerable number of persons were to insist on purchasing outright tracts of land less than 8 hectares in extent at a price less than that which has been administratively fixed as the minimum for such tracts.

The necessary charges involved in the inspection of an individual tract of land to determine whether it is forest or agricultural land, and in its survey, advertisement, and sale are at least ₱80, and may be greater. In other words, while, as Representative Martin says, the land did not cost the Philippine government anything in the first instance, *it costs the government 80 to 100 pesos to make a sale;* and in view of the fact that the applicant might probably have secured what he wanted for nothing had he cared to take the necessary trouble, and may still secure it for ₱20, spreading the payments over seven years, by homesteading it, with a resulting loss to the government of approximately ₱30 (a homestead costs the government ₱50), it is

not seen why the Government should sell it to him outright and thus incur a loss.

The minimum price at which public land may be sold is ₱10 per hectare. The sale of a 1-hectare tract at this price would involve a minimum loss of ₱70. It is only when the size of the tract reaches 8 hectares that it can be sold without loss.

The hard fact is that each time the insular government grants a free patent it makes a donation from the appropriation for the bureau of lands of ₱50¹ to the grantee, and each time that it gives a homestead it donates ₱30 from the same source to the homesteader. The appropriation for the bureau of lands is so limited that it can not make further donations to the inhabitants of these islands as an inducement to secure title to the public lands which they are occupying, or may desire to occupy, and that is exactly what it would be doing if it sold tracts of public land at less than ₱80 each.

I repeat that the reason why the Filipinos have not interested themselves in securing land for nothing, or in homesteading it at a nominal cost, is that most of them are utterly indifferent to the opportunities thus afforded to secure a legal title to the land which they occupy, and are content to continue to squat upon it, as they have done for centuries, and as they are still freely allowed to do.

The extent to which the Government has gone in its attempt to protect the more ignorant people of these islands in their rights and insure to them the benefits to which they were entitled under the public-land act will appear from the following letter and indorsement thereon:

DECEMBER 19, 1907.

SIR: I have the honor to recommend that you cause a bill to be introduced into the legislative branch of this Government providing for the extension to the Province of Benguet of all the provisions of the land registration act (Act No. 496). *The only part thereof that is at present applicable to this Province is the chapter providing for native settlers.*

Nearly all the natives have filed applications for free patent for the lands that they permanently cultivate, and it is now desirable and advisable to put in force the other provisions of the law in order to enable the many squatters here to secure title to the land they now cultivate or that which they expect to occupy.

Very respectfully,

WM. F. PACK, *Provincial Governor.*

HON. DEAN C. WORCESTER,
Secretary of the Interior, Manila.

[First indorsement.]

DEPARTMENT OF THE INTERIOR,
Manila, December 24, 1907.

Respectfully referred to the Secretary of the Commission for submission to that body.

The reason for not heretofore putting all of the provisions of the public-land act into effect in the Province of Benguet has been that *it was feared that if this was done, ignorant Igorots might be cheated out of their holdings by unscrupulous persons.* A strong effort

¹ The estimated cost of a free patent given by the director of lands in his report for 1906 has proved to be too low.

This could not have been done!

has been made in this Province to assist the people in securing their rights. Not only has the provincial governor explained in the several settlements the provisions of the public-land act, but for nearly a year and a half a survey party from the bureau of lands has been kept in the field there for the sole purpose of informing the natives as to their rights, assisting them in making out their applications and making surveys for them.

The undersigned concurs in the opinion of the governor of Benguet that there no longer exists any reason why all of the provisions of the public-land act should not be now made applicable to this Province, and recommends the passage of the accompanying resolution.

DEAN C. WORCESTER,
Secretary of the Interior.

The Igorots of Benguet are members of a non-Christian tribe. They engage in agriculture to a considerable extent, but were, at this time, absolutely illiterate, so that information as to their rights under the public land act had to be conveyed to them by word of mouth. This was done and a survey party from the bureau of lands assisted them in making out their free-patent applications and platted their holdings for them. Until this work had been completed and they had thus been protected in their rights the remaining provisions of the public land act were not made applicable to this province.

THE CHARGE THAT THERE HAS BEEN AN ATTEMPT AT A PUBLIC-LAND GRAB.

Under the heading of "Attempt at public-land grab," Representative Martin proceeds to discuss the several recommendations of the Philippine Commission to the effect that the amount of public land which can be sold to corporations or to individuals be increased, also the amendment to section 15 of the organic law of the Philippine Islands transmitted to the Senate by the Secretary of War on March 22, 1910.

In this connection he has made the following statements:

ATTEMPTED PUBLIC-LAND GRAB.

What has been shown about the friar land is, in my judgment, sufficient to make out a more than *prima facie* case in support of the charge that all these lands, with the exception of a minor fraction, are destined to pass and are passing into the possession of American capitalists. Attention will now be directed toward a similar plan with reference to the public lands. The fact that it has been temporarily defeated will deprive the showing of none of its force. On March 22 last the Secretary of War transmitted to the Senate the draft of a bill (S. 7401) consisting of proposed amendments to the organic law of the Philippine Islands. Section 15 of this bill as drafted and as intended to supersede section 15 of the present law provided for the sale of the public domain to individuals in tracts of 1,250 acres. Such an amendment to the organic law, which now limits the quantity to 40 acres, would open the way for land grabbing on scale that would have made the stealing of the public domain in the United States look like petit larceny. The Philippine public domain would become a paradise for "dummy" entrymen. It is significant that this proposition did not originate in Congress, but came from the War Department, which, in insular matters, means Gen. Edwards's bureau. It is further significant that its origin was practically coincident

with the change of policy with respect to the friar lands. But on March 25 the new friar-land policy was first attacked in the House, and two days later this proposed amendment was stricken from Senate bill 7401 in the Senate Committee on the Philippines, which action was confirmed by the action of the Senate on the bill on March 29. It is now in the House Committee on Insular Affairs, where it will probably remain. There can be no doubt that this proposed amendment was conceived as a part of a general plan to throw Philippine lands open to exploitation. The exploiters would term it development, but it is the kind of development had in mind by Mr. Taft, when, as Secretary of War, in his special report on the Philippines to President Roosevelt on January 23, 1908, he made the following statement:

"Nor would I regard it as a beneficial result for the Philippine Islands to have the fields of those islands turned exclusively to the growth of sugar. The social conditions that this would bring about would not promise well for the political and industrial development of the people, because the cane-sugar industry makes a society in which there are wealthy landowners, holding very large estates with most valuable and expensive plants, and a large population of unskilled labor, with no small farming or middle class, tending to build up a conservative, self-respecting community from bottom to top."

And it is the kind of development had in mind by Mr. Taft, as civil governor of the Philippines, when, on February 26, 1902, before the House Committee on Insular Affairs, which was then engaged in drafting the organic law of the Philippine Islands, he made the following statement:

"There is no desire on the part of the commission to have that kind of exploitation which will lead to the ownership of principalities in the islands by a corporation."

In his special report to President Roosevelt Mr. Taft, as Secretary of War, very forcibly and succinctly stated the objections to the very policy in the Philippines in which, as President, he is now acquiescing; and the ownership of principalities by corporations for which, as governor of the Philippines, he professed no desire, is rendered none the less real under Mr. Taft, as President, merely by resort to the subterfuge of holding agents, as in the cases of the San Jose, Isabela, and Calamba estates. The War Department lays stress in all of its statements upon the fact that there is no violation of section 75 of the organic law of the Philippines, which imposes charter limitations upon domestic corporations engaged in agriculture to 2,500 acres of land and subjects foreign corporations to the same provision of law. The land is not to be held by the corporations direct, but by agents of corporations, which corporations will exercise every right and power of ownership save that of holding the nominal title. Such reprehensible subterfuges will deceive no one, will achieve the violation of the law as effectually as though title passed directly to the corporation, as stated by Commissioner Quezon, and ought to be beneath the dignity of a great government.

THE CAPSHEAF OF EXPLOITATION.

As has heretofore been remarked, the sale of the San Jose friar estate is not worthy of the big interests involved. The addition of all the friar lands looks somewhat more respectable. Throwing open the public domain began measuring up to the Wall Street stature. All of these, combined with free trade, in a country twice as big as New England, with eight or nine millions of people and rich in natural resources, would be worthy, at least, of gentlemanly negotiations between Wall Street and the departments at Washington. But the great modern agency through which big men operate in a big way would still be wanting. It took the East India Co. to exploit India. It will take a Philippine company to exploit the Philippines. Let us see whether this agency has not been already supplied.

That within five months from the passage of the organic act by Congress July 1, 1902, the Philippine Commission was appealing to Congress to raise the 2,500-acre limitation on crown lands which could be sold to corporations to 25,000 acres, in order that the islands might be exploited with sugar corporations.

That until 1907 this clamor for exploitation continued from year to year on the plea that there was plenty of land both for the natives and for the exploiters.

EXPLOITATION MEASURES URGED UPON CONGRESS BY PHILIPPINE OFFICIALS, 1901 TO 1907.

Believing that the sale to the Havemeyer syndicate would not have been consummated but for the provision in the tariff bill of August, 1909, which provided for the annual free admission of 300,000 tons of Philippine sugar to our markets, it would seem to be germane to the subject in question to review some of the facts which led up to the insertion of this provision.

Nearly ten years ago officials of the Philippine Government began to recommend to Congress the three essentials for the maximum exploitation of the sugar industry in the Philippine Islands, namely, the introduction of Chinese labor, the increase of the land area which corporations might hold to 25,000 acres, and the reduction or elimination of the United States duty on Philippine sugar.

It was recommended to Congress that the operation of our contract-labor laws be withdrawn from the Philippines and that the admission of Chinese be permitted under such regulations as the Philippine Commission might adopt, but the proposition was abandoned for the time being because of general opposition in Congress, and the subsequent efforts to secure legislation in behalf of Philippine exploitation have been confined to raising the land limit and lowering the duty. These objects once attained, it might be easier to introduce the Chinese to work the sugar estates. The following excerpts from the annual reports of the Philippine Commission show the persistence and regularity with which these two measures have been urged upon Congress:

[Annual report of the Philippine Commission for 1901.]

"If Congress will reduce by 50 per cent the United States duty on tobacco, hemp, and sugar, and other merchandise coming from these islands, it is certain that the trade between them and the United States under the new tariff will increase by leaps and bounds. Such generosity would much strengthen the bonds between the Filipino and American people, and it is earnestly recommended." (Vol. 1, p. 28.)

[Annual report of the Philippine Commission, Dec. 23, 1903.]

"The conditions with respect to sugar and tobacco continue to be very unfavorable, and the arguments in favor of a reduction of the Dingley tariff upon these articles to 25 per cent of the rates of that tariff on sugar and tobacco from the Philippines grow stronger instead of weaker." (Vol. 1, p. 4.)

"The commission retains its opinion, already expressed, that the limitation upon the holding of land in the islands by corporations to 2,500 acres is a needless hindrance to the development of the islands, and that the limitation ought either to be removed entirely or to be increased so as to allow the acquisition of at least 25,000 acres of land. In cases in which, in order to justify the expenditure of the amount of capital required to conduct sugar and other agricultural industries on a paying basis, a very large amount of money is needed, the restriction of corporations to the ownership of 2,500 acres is practically prohibitory upon such enterprises." (Vol. 1, p. 9.)

[Annual report of the Philippine Commission, Nov. 1, 1904.]

"Aside from being a measure of simple justice, nothing which Congress could do would have so tremendous a moral effect upon the people of the islands as to permit their sugar and tobacco to enter the United States without the imposition of any duty or with the imposition at most of a low duty only." (Vol. 1, p. 26.)

"We also again wish to call attention to the desirability of repealing the limitations contained in section 15 of the act of Congress of July 15, 1902, which forbid the sale of any portion of the public domain to an individual in an amount exceeding 16 hectares and to any corporation or association of persons in an amount exceeding 1,024 hectares. Perhaps the greatest need existing at the present time is the introduction of capital properly directed in the development of the agricultural resources of the islands. The laying out of sugar and coconut plantations, operated by up-to-date men with modern machinery, would be of incalculable benefit to the people. * * * The motive which induced these restrictions was doubtless the fear that men of large means would buy up great tracts of land for exploitation and thereby prevent the native Filipinos from utilizing for their own benefit the public domain. Such a purpose is undoubtedly most commendable, but when it is understood that the present native population occupy only a very small proportion of the lands of the islands, and that there are now many millions of acres of unoccupied public lands which will probably so remain for all time unless offered to purchasers in larger blocks, it is believed that no reasonable ground for these fears, upon investigation, will be found to exist. * * * We therefore submit that the amount of land which may be purchased by any person or corporation should be largely increased." (Vol. 1, p. 28.)

[Annual report of the Philippine Commission, Nov. 1, 1905.]

"In every report made by the commission it has urged the repeal of, or at least a large reduction in, the duties imposed by the tariff laws of the United States upon exports of sugar and tobacco from the Philippine Islands to the United States. We now renew our recommendations in this behalf. The reasons which we have so often presented still remain in full force." (Vol. 1, p. 70.)

"We shall not attempt to repeat in detail the many reasons which forbid any really large increase in sugar production in these islands for many years to come. We content ourselves with stating briefly some of the controlling reasons why this must be so. In the first place, as in the case of tobacco, the area of the lands upon which sugar can be profitably grown in these islands is comparatively small. The supply of native labor is limited and there is no probability of a change in the policy of the Government of the United States forbidding the importation of Chinese or other foreign labor. The method of cultivation and the machinery used in the extraction of sugar from the cane are inadequate and expensive. Nearly 50 per cent of the saccharine matter in the cane is lost and the grade of sugar produced is exceedingly low. * * * While the removal by Congress of the duties upon Philippine sugars imported into the United States would at once relieve the desperate situation of the planters and inspire hope where now only despair is found, the idea that Philippine sugar can ever become a serious menace to home-grown sugar is very little short of absurdity." (Vol. 1, p. 71.)

"We submit that the apprehension that the entrance of capital and enterprise of Americans and others in agricultural pursuits in these islands upon an extensive scale is a menace to the prosperity and future of the Filipinos is chimerical and has no real foundation, and therefore we unhesitatingly recommend that the amount of land which may be purchased by any person or corporation be very considerably increased." (Vol. 1, p. 75.)

[Annual report of the Philippine Commission, Sept. 15, 1906.]

“There has been great and bitter disappointment throughout the Philippine Islands at the failure of Congress at its last session to furnish relief from the excessive duties now imposed by the Dingley tariff upon imports of sugar and tobacco products from the Philippine Islands into the United States. The people had strong expectations that relief in this direction would be afforded them. This was the principal ray of hope which came to them in the midst of their losses from rinderpests, locusts, droughts, and low prices for their products. * * * The Filipino asks for justice and fair treatment, and nothing is more apparent to the unprejudiced investigator than that such just and fair treatment require a reduction of the Dingley tariff upon sugar and tobacco at least to 25 per cent of its present rate upon those commodities imported from the Philippine Islands into the States, which can be made without the slightest impairment of the interests in the United States, which have heretofore combined to prevent the act of justice sought.” (Vol. 1, pp. 62-63.)

“The commission has heretofore repeatedly called attention to the provision of section 15 of the act of Congress of July 1, 1902, limiting the sale of any portion of the public domain to any individual to an amount not exceeding 16 hectares or to any association or corporation to an amount not exceeding 1,040 hectares. However beneficent the purposes that were in the minds of the legislators when these limitations were imposed, the practical effect has been to prevent the development of agricultural industry on any large scale in the islands. * * * The islands have many acres of arable and fertile land absolutely unoccupied. The people have no means of engaging in large industries, and it would be the greatest of boons if the lands could be more largely occupied and developed and an example furnished to the inhabitants of what modern appliances and modern methods of cultivation can do and opportunities furnished for the employment of a large number of natives and the cultivation of large haciendas. Capital is not in the islands; it will not come without assurances of fair returns on money invested. The legislation referred to prohibits any such assurance, but, on the contrary, makes it certain that an industry thus established must be a failure. There is abundant land for the use of all the capital that can be coaxed into the islands, with limitations fairly liberal, and still leave more land for the Filipinos than will be occupied by them apparently for hundreds of years. We respectfully but urgently renew our recommendation that the legislation be modified, and that firms, corporations, or associations be allowed to acquire public lands not exceeding 10,000 hectares for each individual, association, or corporation.” (Vol. 1, pp. 68-69.)

[Annual report of the Philippine Commission, December 31, 1907.]

“The commission begs leave to make the following specific recommendations, some of which have been embodied in previous reports:

“‘First. That the duties on sugar and tobacco exported from the Philippine Islands into the United States be removed.’

“‘See previous reports of the commission and in this report under heading ‘Dingley tariff.’” (Vol. 1, p. 64.)

That within five months from the passage of the organic act by Congress, July 1, 1902, the Philippine Commission was appealing to Congress to raise the 2,500-acre limitation on Crown lands which could be sold to corporations to 25,000 acres, in order that the islands might be exploited with sugar corporations.

That until 1907 this clamor for exploitation continued from year to year on the plea that there was plenty of land both for the natives and for the exploiters.

It has been the belief of the Philippine Commission, from the day the existing limitations relative to the sale of public lands were imposed by act of Congress, that such limitations were so severe as seriously to interfere with the legitimate agricultural development of the Philippine Islands. This subject has been taken up again and again by the commission in its annual reports, and with each recurring year recommendation that a more liberal policy be pursued has been made, and the reasons for such recommendation have been given. The commission was originally composed of five Americans and four Filipinos. During the period in question its personnel has almost completely changed. Señor Jose Luzuriaga is the only remaining one of the Filipinos originally appointed, and I am the only remaining one of the Americans.

The Americans who have voted in favor of a more liberal public-land policy, taken in the order of their appointment, are William H. Taft, Dean C. Worcester, Luke E. Wright, Henry C. Ide, James F. Smith, W. Cameron Forbes, W. Morgan Shuster, Newton W. Gilbert, and Frank A. Branagan. The Filipinos are Benito Legarda, T. H. Pardo de Tavera, Jose Luzuriaga, Gregorio Araneta, Rafael Palma, and Juan Sumulong. The recommendations made on this subject have been unanimous. Commissioner Rafael Palma voted against the recommendation that the amount of public land allowed to be sold or conveyed to corporations, persons, or associations of persons be increased from 1,024 hectares to 6,000 hectares, contained in the report of the Philippine Commission for the year ending July 1, 1909, when that recommendation was up for informal discussion. On being asked whether he desired to make his dissenting vote of record he stated that he did not, and he subsequently signed the report embodying this recommendation. This is the nearest approach to opposition to the commission's recommendations relative to public lands which has ever developed. Representative Martin is, of course, at liberty to believe that all of these men were corrupt and in league with the great sugar interests to bring about the exploitation of the Philippines, or were so stupid as readily to be deceived by the corrupt members of the commission who had this end in view, but it is hoped that there will be those who are ready to believe that the men in question were honest and earnest in their desire to better agricultural conditions; that they had sufficient familiarity with the situation, through long years of residence in the islands, to know what they were talking about, and that they made their recommendations in the firm conviction that if they were carried out the agricultural interests of the country would greatly profit.

Representative Martin has devoted special attention to one of the recommendations which the Philippine Commission made relative to the disposal of public lands in its annual report for the fiscal year ending June 30, 1909, but for some reason he has failed to mention another recommendation relative to this subject, which occurs in the same paragraph with the one he criticises. The paragraph reads as follows:

Ninth. That the amount of land allowed to be taken up by any one person under the homestead law be increased from 16 to 50 hectares; that the amount that individuals can purchase from the government be increased to 500 hectares; and that the amount allowed to be sold or conveyed to corporations or associations of persons be increased from 1,024 hectares to 6,000 hectares.

It would appear from the first and second of these recommendations that some attention had been given to the interests of individuals, as well as to those of corporations.

The fact is that the commission has believed, and believes now, that there is so much rich, unoccupied, public agricultural land in these islands, and that other conditions here are such, as to make it advisable to adopt a really liberal policy both with individuals and with corporations as to the amount of land that may be acquired for agricultural purposes. It believes that flourishing farms are more valuable to the country than are great tracts of wild, unoccupied public land. It would be glad to see every person in this country, which is so essentially an agricultural country, own, or lease, and cultivate a tract of land. The attitude of the commission in this matter has been declared in the most open and public manner in its annual reports hereinbefore quoted from.

Pursuant to this declared policy of the insular government, both the director of lands and the secretary of the interior have done everything in their power to bring about the acquirement of public lands by the people of these islands, whether Filipino, American, or foreign, through free patents, homesteads, leases, or purchases. As elsewhere stated, the widest publicity has been given to the provisions of existing law on this subject through the public press, the public schools, and the printing and distribution of simple explanatory statements in English, Spanish, and the native dialects.

In connection with the sale and rental of tracts of public lands, the lowest justifiable prices have constantly been fixed, except in the case of the sale of public lands in tracts so small as necessarily to impose heavy loss on the insular government. The latter class of sales, for which there exists no real need, has been practically prevented by the fixing of prohibitive prices.

Still it is true that there has been comparatively little interest displayed in acquiring public lands, as will appear from the following table showing free-patent applications, homestead applications, leases and sales, and the areas covered in each instance:

Statement of public-land applications filed each year since the proclamation of the public-land act, July 26, 1904.

Fiscal year—	Kind of application filed.					
	Homesteads.		Sales.		Leases.	
	Number.	Area (acres).	Number.	Area (acres).	Number.	Area (acres).
1905.....	227	8,177.36	20	1,042.39	3	2,252.67
1906.....	579	18,469.60	62	4,664.50	7	9,506.02
1907.....	2,668	81,828.16	86	6,741.89	12	14,802.50
1908.....	2,196	68,526.98	51	1,458.88	56	50,694.92
1909.....	1,854	62,524.29	45	1,360.45	33	20,241.96
1910.....	1,427	45,480.74	68	9,654.00	74	26,251.17
Total.....	8,951	285,007.13	332	24,922.11	185	123,759.14

Fiscal year—	Kind of application filed.			
	Free patents.		Total.	
	Number.	Area (acres).	Number.	Area (acres).
1905.....	140	1,237.58	390	12,720.00
1906.....	590	5,470.50	1,238	38,110.62
1907.....	8,607	68,855.03	11,373	172,227.58
1908.....	2,045	24,591.90	4,348	145,272.68
1909.....	4,495	29,883.92	6,427	114,010.52
1910.....	.....	None.	1,569	81,385.91
Total.....	15,877	130,038.93	25,345	563,727.31

NOTE.—Statute providing for filing free-patent applications expired by limitation January 1, 1909.

THE CHARGE THAT THE FRIAR-LAND POLICY OF THE PHILIPPINE GOVERNMENT HAS BEEN A COMPLETE FAILURE.

Representative Martin reaches the following final conclusion:

But I can only touch upon these features. Whatever the causes, our friar-land policy in the Philippines has been a complete failure. These lands were acquired in bulk, to be broken up among the tenants in parcel. Instead they are to be converted into peon plantations, and their last state will be worse than their first.

The principal objects in acquiring the friar lands were to remove a strong reason for the return of the friars to the provinces, and to make it possible for the occupants of friar lands to purchase their holdings, and thus end the troubles which had arisen as a result of the unpleasant relations which had existed between them and their friar landlords, these troubles having reached such an acute stage as to arouse

apprehensions that there might be serious disturbances of the public order in a number of the provinces. The desired results have already been largely obtained. Only a very small number of friars have returned to the provinces, and many have left the Philippines for good. The number of occupants actually upon the land at the time of purchase has been augmented by others who, for one reason and another, had temporarily abandoned their holdings, and by still others who must be considered new tenants. All of these occupants are now in peaceful and contented possession of their holdings, having either purchased them or leased them with the privilege of purchasing. All will be given an opportunity to purchase before the end of the present calendar year.

The price originally paid for the friar lands was high, and most of us, at the outset, believed that the transaction would involve the Government in considerable financial loss, which it seemed best to bear in view of the compensating benefits to be gained. The present indications are that these lands will, in one way or another, produce income sufficient to retire the friar-lands bonds when due.

In view of these facts, I do not hesitate to assert that the friar-land policy of the Philippine Government has been quite as successful as we had any right to expect.

AN INVESTIGATION ON THE GROUND REQUESTED.

With the exception of short periods spent in the United States on leave, I have been continuously in the government service in the Philippines since March 5, 1899. The chief resulting asset which I possess is such reputation as my official acts have earned for me. It is axiomatic that the harm accomplished by such an attack as that which Representative Martin has made can never be wholly undone. His speech was delivered upon the floor of the House of Representatives of the United States, a forum which is not open to me. Five weeks elapsed before I saw a copy of it. Circumstances with which you are familiar, connected with the visit of the Secretary of War to the Philippines, have prevented me from sooner presenting a reply. Other weeks must elapse before this reply can reach the United States, and still others before it can be made public there. In any event, less publicity will attach to it than was attracted by the original charges. It is unfortunately true that the public is often more interested in charges than in their refutation. The fact that records and witnesses are in the Philippine Islands, and that many thousands of miles separate this country from the United States, combines with the privileged character of Representative Martin's remarks to prevent me from seeking in the courts compensation for the injury done my reputation by his false and libelous charges.

I ask that in justice to the Government of which I am an official, as well as to myself, the widest publicity be given to the facts stated in this communication.

The director of lands joins me in an earnest request that there be a most thorough investigation of the whole conduct of the affairs of the bureau of lands, and that this investigation be made on the ground. The records of the bureau of lands will be found complete, down to the hasty orders sometimes issued to field employees in the form of lead-pencil notes. They will be promptly placed at the disposal of any person or persons duly authorized to investigate them.

Were an investigating committee to come to these islands, its members could visit the friar estates, and, by actual conversation with the native occupants, ascertain whether or not they have been justly dealt with, and are now happy and contented. They could, moreover, familiarize themselves with the problem involved in disposing of the extensive unoccupied areas on a number of the estates. It would give me pleasure to take such a committee through the Provinces of Nueva Vizcaya, Isabela, and Cagayan, and the Islands of Mindoro, Palawan, and Mindanao, and let them see whether or not it is true that these islands are "land poor," and, under the most favorable conditions, are likely to be so a century from now.

In short, the visit of such a committee would go far toward breaking down that wall of ignorance of local conditions by which not only the people of the United States, but many of the Members of the Congress of the United States, are separated from this country of enormous, undeveloped, natural resources.

Very respectfully,

DEAN C. WORCESTER,
Secretary of the Interior.

The honorable the GOVERNOR GENERAL,
Manila, P. I.

EXHIBIT A.

Opinion of the attorney general of the Philippine Islands as to whether the director of lands has authority to sell to an individual, or an individual to purchase, from the government, vacant and unoccupied lands constituting a portion of the friar-lands purchase, without restriction as to area.

BUREAU OF JUSTICE,
OFFICE OF THE ATTORNEY GENERAL,
Manila, October 18, 1909.

SIR: In compliance with your request of the 12th instant, I have the honor to render an opinion upon the following question:

Has the director of lands authority to sell to an individual, or an individual to purchase from the government, vacant and unoccupied lands constituting a portion of the friar-lands purchase, without a restriction as to area?

It appears from your communication that this question has arisen from an inquiry that was made in the United States as to the purchase of the San Jose de Mindoro estate by an individual, and you say it is understood that an opinion was offered at the Bureau of Insular Affairs that an individual could not purchase more than 16 hectares of unoccupied friar lands. As I can not agree with that opinion, I shall state at some length the grounds upon which my conclusion is based.

The question submitted seems to involve a determination of whether or not the so-called friar lands, in making sales thereof, are to be treated as public lands, so as to make applicable thereto the restrictions of the public-land act as to the area which may be sold to an individual.

The purchase of the properties known as the friar lands was authorized by Congress in sections 63, 64, and 65 of the act of July 1, 1902, known as the Philippine bill. The Congress of the United States, after providing in section 63 of said act that the government might acquire, receive, hold, maintain, and convey title to real and personal property, subject to the limitations and conditions prescribed in said act, and after providing in section 64 for the purchase of the so-called friar lands, further provided in section 65 as follows:

“That all lands acquired by virtue of the preceding section shall constitute a part and portion of the public property of the government of the Philippine Islands, and may be held, sold, and conveyed, or leased temporarily for a period not exceeding three years after their acquisition by said government on such terms and conditions

as it may prescribe, subject to the limitations and conditions provided for in this act: *Provided*, That all deferred payments and the interest thereon shall be payable in the money prescribed for the payment of principal and interest of the bonds authorized to be issued in payment of said lands by the preceding section, and said deferred payments shall bear interest at the rate borne by the bonds. All moneys realized or received from sales or other disposition of said lands or by reason thereof shall constitute a trust fund for the payment of principal and interest of said bonds, and also constitute a sinking fund for the payment of said bonds at their maturity. Actual settlers and occupants at the time said lands are acquired by the government shall have the preference over all others to lease, purchase, or acquire their holdings within such reasonable time as may be determined by said government."

It will be observed that said section 65 provides "that all lands acquired by virtue of the preceding section shall constitute a part and portion of the public property of the government of the Philippine Islands;" we must first ascertain whether these so-called friar lands as public property of the government of the Philippine Islands are to be considered "public lands" in the sense in which those words are used in the public land act.

Section 12 of said act of Congress of July 1, 1902, known as the Philippine bill, provides as follows:

"That all the property and rights which may have been acquired in the Philippine Islands by the United States under the treaty of peace with Spain, signed December tenth, eighteen hundred and ninety-eight, except such land or other property as shall be designated by the President of the United States for military and other reservations of the Government of the United States, are hereby placed under the control of the government of said islands, to be administered for the benefit of the inhabitants thereof, except as provided in this act."

After providing in said section 12 of the Philippine bill for the administration by the government of the Philippine Islands of the property and rights which were acquired in the Philippine Islands by the United States under the treaty of peace with Spain, with the exception stated, the Congress of the United States provided in section 13 as follows:

"That the government of the Philippine Islands subject to the provisions of this act and except as herein provided, shall classify according to its agricultural character and productiveness, and shall immediately make rules and regulations for the lease, sale, or other disposition of the public lands other than timber or mineral lands, but such rules and regulations shall not go into effect or have the force of law until they have received the approval of the President, and when approved by the President they shall be submitted by him to Congress at the beginning of the next ensuing session thereof, and unless disapproved or amended by Congress at said session they shall at the close of such period have the force and effect of law in the Philippine Islands: *Provided*, That a single homestead entry shall not exceed sixteen hectares in extent."

It should be noted that these provisions of the act of Congress relate to public lands acquired in the Philippine Islands by the United States under the treaty of peace with Spain. Under said authority conferred by Congress, the government of the Philip-

pine Islands administers the public lands of the United States in the Philippine Islands for the benefit of the inhabitants of these islands, and, pursuant thereto, the Philippine Commission passed Act No. 926, entitled, as amended by act No. 979—

“An act prescribing rules and regulations governing the homesteading, selling, and leasing of portions of the public domain of the Philippine Islands, prescribing terms and conditions to enable persons to perfect their titles to public lands in said Islands, providing for the issuance of patents without compensation to certain native settlers upon the public lands, providing for the establishment of town sites and sale of lots therein, and providing for a hearing and decision by the court of land registration of all applications for the completion and confirmation of all imperfect and incomplete Spanish concessions and grants in said islands, as authorized by sections thirteen, fourteen, and fifteen of the act of Congress of July first, nineteen hundred and two, entitled ‘An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes.’”

Sections 12 and 13 of said act of Congress, above quoted, relate only to “property and rights which may have been acquired in the Philippine Islands by the United States under the treaty of peace with Spain”; while under the provisions of section 65 of the same act the friar lands when acquired became a portion of the public property of the Government of the Philippine Islands; so that said lands could not have been considered in the enactment of sections 12 and 13 of the Philippine bill nor in the passage of the public land act.

In Chapter II of said public land act, under the heading “Sales of portions of the public domain,” it is provided in section 10 that any citizen of the Philippine Islands, or of the United States or of any insular possession thereof, or any corporation or like association of persons organized under the laws of the Philippine Islands or any State, Territory, or insular possession thereof, and authorized to transact business in the Philippine Islands, may purchase any tract of unoccupied, unappropriated, and unreserved, nonmineral, agricultural public land in the Philippine Islands, as defined in the act of Congress of July 1, 1902, not to exceed 16 hectares for an individual, or 1,024 hectares for a corporation or like association, etc.

It will be observed that in said section 13 of the Philippine bill, above quoted, the Congress made provision with reference to the lease, sale, or other disposition of the “public lands” other than timber or mineral lands, and in the heading to said Chapter II of the public land act the commission used the term “public domain,” and in said section 10 used the term “public land.” The term “public land” and the term “public domain” are here used synonymously; in fact, these terms mean the same thing. (*Barker v. Harvey*, 181 U. S., 481, 490, citing *Newhall v. Sanger*, 92 U. S., 761, 763; see also *Bardon v. U. P. R. R. Co.*, 145 U. S., 335, 538, and *Mann v. Tacoma Land Co.*, U. S., 153, 273, 284.)

The supreme court of the Philippine Islands, in the case of *Montano v. Insular Government* (12 Phil. Rep., 572), held that "In acts of the Congress of the United States the term 'public lands' is uniformly used to describe so much of the national domain under the legislative power of the Congress as has not been subjected to private right or devoted to public use." In the course of its decision in said case the supreme court, in referring to the former case of *Mapa v. The Insular Government* (10 Phil. Rep., 175), said:

"In the concurring opinion, in order to avoid misapprehension on the part of those not familiar with United States land legislation and a misunderstanding of the reach of the doctrine, it was pointed out that under the decisions of the Supreme Court of the United States the phrase 'public lands' is held to be equivalent to 'public domain' and does not by any means include all lands of government ownership, but only so much of said lands as are thrown open to private appropriation and settlement by homestead and other like general laws. Accordingly 'government land' and 'public land' are not synonymous terms; the first includes not only the second, but also all other lands of the government already reserved or devoted to public use or subject to private right. In other words, the Government owns real estate which is part of the 'public lands' and other real estate which is not part thereof."

At the time of the ratification of the treaty of peace between the United States and Spain, and long prior thereto, the lands now known as the friar lands were occupied, appropriated, and of private ownership. The government of the Philippine Islands was specially authorized by the Congress to acquire said lands, and accordingly purchased them. The act of Congress provides that the actual settlers and occupants at the time of the acquisition of said lands by the government shall have the preference over all others to lease, purchase, or acquire their holdings. It is therefore clear that the friar lands, as public property of the government of the Philippine Islands, are not "public lands" in the sense in which that term is used in the Philippine bill and in the public land act; and, except as it may be limited by legislation, the government is as free to sell or otherwise dispose of said lands as would be any purchaser of real estate of private ownership.

With a view to carrying out the powers conferred upon the Philippine government in said act of Congress, with reference to the acquisition, administration, lease, and sale of the so-called friar lands, the Philippine Commission passed Act No. 1120, entitled—

"An act providing for the administration and temporary leasing and sale of certain haciendas and parcels of land, commonly known as friar lands, for the purchase of which the government of the Philippine Islands has recently contracted, pursuant to the provisions of sections sixty-three, sixty-four, and sixty-five of an act of the Congress of the United States entitled 'An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes,' approved on the first day of July, nineteen hundred and two."

And in the preamble of said act the Philippine Commission said:

“Whereas the said lands are not “public lands” in the sense in which those words are used in the public land act, numbered nine hundred and twenty-six, and can not be acquired or leased under the provisions thereof, and it is necessary to provide proper agencies for carrying out the terms of said contracts of purchase and the requirements of said act of Congress with reference to the leasing and selling of said lands and the creation of a sinking fund to secure the payment of the bonds so issued: Now, therefore, etc.”

It thus appears that the Philippine Commission itself held that the friar lands are not “public lands” in the legal sense of those words; and the provisions of said act No. 1120 with reference to the sale of the friar lands are so different from the provisions of the public-land act relating to the sale of portions of the public lands, it appears to be unquestionable that the provisions of the public-land act have no application whatever to the sale or other disposition of the friar lands; but we must look to said act of Congress of July 1, 1902, and to said act No. 1120 and its amendments for the provisions of law relating to the sale or other disposition of said friar lands, and, in the absence of any restrictions in said legislation as to the amount of vacant or unoccupied friar lands which may be sold to or acquired by an individual, it must be held that there are no such restrictions.

In this connection, attention is invited to the fact that it was originally provided in section 9 of said act No. 1120 as follows:

“In the event the chief of the Bureau of Public Lands should find any of the said lands vacant, he is directed to take possession and charge thereof, and he may either lease such unoccupied lands for a term not exceeding three years or offer the same for sale, as in his judgment may seem for the best interests of the Government, and in making such sales he shall proceed as provided in *chapter two of the public-land act*.”

Said section 9 was amended by the Philippine Legislature on June 3, 1908, in act No. 1847, to read as follows:

“In the event the director of lands should find any of the said lands vacant, he is directed to take possession and charge thereof, and he may either lease such unoccupied lands for a term not exceeding three years or offer the same for sale, as in his judgment may seem for the best interests of the Government, and in making such sales he shall proceed as provided in *section eleven of this act*.”

Thereafter, on May 20, 1909, in act No. 1933, the Philippine Legislature again amended said section 9 to read as follows:

“In the event the director of lands should find any of said lands vacant, he is directed to take possession and charge thereof, and he may either lease such unoccupied lands for a term not exceeding three years, or sell same, as may be solicited, and in making such leases or such sales he shall proceed as provided in *section eleven of this act*.”

It thus appears that whatever may have been the meaning of the words “as provided in chapter two of the public-land act” in said section 9 as originally enacted,

these words now have no meaning or application in the lease or sale of the friar lands, but in making such leases or such sales the director of lands shall proceed as provided in section 11 of said friar-lands act.

Said section 11, as amended by acts Nos. 1847 and 1933, is as follows:

"Should any person who is the actual and bona fide settler upon and occupant of any portion of said lands at the time the same is conveyed to the government of the Philippine Islands desire to purchase the land so occupied by him, he shall be entitled to do so at the actual cost thereof to the government, and shall be allowed to pay for same in equal annual or semiannual installments: *Provided, however,* That payment by installments shall be in such amounts and at such time that the entire amount of the purchase price, with interest accrued, shall be paid at least one year before the maturity of what are known as the 'friar-land bonds,' issued under the provisions of Act Numbered One thousand and thirty-four, that is, on or before February first, nineteen hundred and thirty-three. The terms of purchase shall be agreed upon between the purchaser and the director of lands, subject to the approval of the Secretary of the Interior, and all deferred payments on the purchase price shall bear interest at the rate of four per centum per annum.

"In case of lease of vacant lands, as well as in case of sale of same under the provisions of section nine of this act, the director of lands shall notify the municipal president or municipal presidents of the municipality or municipalities in which said lands lie before the same takes place. Upon receipt of such notification by said municipal president or municipal presidents the latter shall publish the same for three consecutive days, by *bandillos*, in the *población* and barrio or barrios affected, and shall certify all these acts to the director of lands, who shall then, and not before, proceed to execute the contract of lease or to make the said sale with preference, other conditions being equal, to the purchases who has been a tenant or bona fide occupant at any time of the said lands or part thereof, and if there has been more than one occupant to the last tenant or occupant: *Provided, however,* That no contract for the lease of and no sale of vacant lands made in accordance with this section shall be valid nor of any effect without the requisite as to publication by *bandillos* above provided."

It therefore clearly appears that the restrictions of the public land act with reference to the amount of public land which may be sold to an individual, or to a corporation, or like association of persons, are not applicable in the sale of the friar lands; but that the only restrictions with reference to the sale or other disposition of the friar lands are to be found in the act of Congress of July 1, 1902, providing for the purchase of said lands, and in act No. 1120 and its amendments providing for the administration, lease, and sale thereof.

This inquiry relates only to the authority of the director of lands "to sell to an individual, or an individual to purchase from the government, vacant and unoccupied lands constituting a portion of the friar-lands purchase, without a restriction as to area,"

but it may not be amiss to call attention to the provisions of section 75 of the Philippine bill, as follows:

“That no corporation shall be authorized to conduct the business of buying and selling real estate or be permitted to hold or own real estate except such as may be reasonably necessary to enable it to carry out the purposes for which it is created, and every corporation authorized to engage in agriculture shall by its charter be restricted to the ownership and control of not to exceed one thousand and twenty-four hectares of land; and it shall be unlawful for any member of a corporation engaged in agriculture or mining and for any corporation organized for any purpose except irrigation to be in any wise interested in any other corporation engaged in agriculture or in mining. Corporations, however, may loan funds upon real-estate security and purchase real estate when necessary for the collection of loans, but they shall dispose of real estate so obtained within five years after receiving the title. Corporations not organized in the Philippine Islands, and doing business therein shall be bound by the provisions of this section so far as they are applicable.”

And attention is also invited to the proviso of paragraph 5 of section 13 of Act No. 1459, as follows:

“That no corporation shall be authorized to conduct the business of buying and selling real estate or be permitted to hold or own real estate except such as may be reasonably necessary to enable it to carry out the purposes for which it is created, and every corporation authorized to engage in agriculture shall be restricted to the ownership and control of not to exceed one thousand and twenty-four hectares of land; and it shall be unlawful for any member of a corporation engaged in agriculture or mining and for any corporation organized for any purpose except irrigation to be in any wise interested in any other corporation engaged in agriculture or in mining. Corporations, however, may loan funds upon real-estate security and purchase real estate when necessary for the collection of loans, but they shall dispose of real estate so obtained within five years after receiving the title.”

In view of the provisions of law affecting the subject matter of your inquiry, I am of the opinion that there is no provision of law limiting the area of the friar lands which may be sold to an individual, or which an individual may acquire from the Government, and that there are no restrictions as to the amount of such lands which may be sold to or be acquired by a corporation, except the provisions of said section 75 of the Philippine bill and paragraph 5 of section 13 of the corporation law, above quoted.

Very respectfully,

GEO. R. HARVEY, *Solicitor General.*

The DIRECTOR OF LANDS, *Manila.*

Approved.

IGNACIO VILLAMOR, *Attorney General.*

Certified as correct copy:

C. H. SLEEPER, *Director of Lands.*

EXHIBIT B.

The friar-land act and the acts amendatory thereof.

[No. 1120.]

AN ACT Providing for the administration and temporary leasing and sale of certain haciendas and parcels of land, commonly known as friar lands, for the purchase of which the government of the Philippine Islands has recently contracted, pursuant to the provisions of sections sixty-three, sixty-four, and sixty-five of an act of the Congress of the United States, entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," approved on the first day of July, nineteen hundred and two.

Whereas, pursuant to the provisions of sections sixty-three, sixty-four, and sixty-five of an act of the Congress of the United States, entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," approved July first, nineteen hundred and two, the government of the Philippine Islands, on the twenty-second day of December, nineteen hundred and three, entered into contracts with the Philippine Sugar Estates Development Company, Limited, La Sociedad Agrícola de Ultramar, the British-Manila Estates Company, Limited, and the Recoleta Order of the Philippine Islands, for the purchase of about one hundred and sixty-four thousand one hundred and twenty-seven hectares of land, situated in the provinces of La Laguna, Bulacan, Cavite, Bataan, Cebu, Rizal, Isabela, and Mindoro, for the aggregate sum of seven million two hundred and thirty-nine thousand seven hundred and eighty-four dollars and sixty-six cents, money of the United States; and

Whereas in said contracts of purchase it was provided, among other things, that the government of the Philippine Islands should have a period of six months from the date of said contracts within which to examine the titles to said lands and also within which to survey the same in order to ascertain whether there is the quantity of land specified in said contracts, and, in the event there is not, that a proportionate reduction shall be made in the amounts agreed to be paid therefor; and it was further provided in said contracts that the said parties so agreeing to sell, obligated themselves to convey good and indefeasible titles to said lands by proper conveyances; and

Whereas by said section sixty-five of said act of Congress the government of the Philippine Islands is empowered to lease the said lands after their acquisition for a

period not exceeding three years, and to sell the same on such terms and conditions as it may prescribe, subject to the limitations and conditions contained in said act of Congress: *Provided*, That all deferred payments and the interest thereon shall be payable in the money prescribed for the payment of principal and interest of the bonds authorized to be issued and sold for the purpose of realizing the money necessary to pay for said lands by section sixty-four of said act of Congress, and that said deferred payments shall bear interest at the rate borne by said bonds: *And provided further*, That all moneys realized or received from the sales or other disposition of said lands, or by reason thereof, shall constitute a trust fund for the payment of principal and interest of said bonds, and also constitute a sinking fund for the payment of said bonds at their maturity: *And provided further*, That actual settlers and occupants at the time said lands are acquired by the government shall have the preference over all others to lease, purchase, or acquire their holdings within such reasonable time as may be determined by said government; and

Whereas the said lands are not "public lands" in the sense in which those words are used in the public-land act, numbered nine hundred and twenty-six, and can not be acquired or leased under the provisions thereof, and it is necessary to provide proper agencies for carrying out the time of said contracts of purchase and the requirements of said act of Congress with reference to the leasing and selling of said lands and the creation of a sinking fund to secure the payment of the bonds so issued: Now, therefore,

By authority of the United States, be it enacted by the Philippine Commission, that:

SECTION 1. The civil governor is authorized and directed to have careful examination made to ascertain the sufficiency and soundness of the titles to said land so contracted to be purchased by the government of the Philippine Islands from the said corporations as set forth in the preamble hereof.

His action in employing the firm of Del Pan, Ortigas & Fisher, attorneys at law in the city of Manila, to make such examination and also to perform all legal services required of them in completing such purchases and thereafter in the leasing and selling of said lands as hereinafter provided, they to be compensated for their services at the rate of five thousand five hundred dollars per annum, payable monthly, for such time as in the opinion of the civil governor their services may be needed, is hereby approved and confirmed.

SEC. 2. The consulting engineer to the commission is hereby directed to have careful surveys made of the said haciendas and tracts of land in order to ascertain with accuracy and certainty whether there is the amount of land in each of said haciendas

and tracts specified in said contracts, and for that purpose he is empowered to put in the field and maintain the necessary surveying parties, and any funds in his hands at the present time not in terms devoted to defraying the cost of specific public works are hereby declared available for that purpose. As soon as these surveys shall have been completed he shall make report of the results thereof to the civil governor. Such steps as have already been taken by the consulting engineer by direction of the civil governor looking to the survey of said haciendas and lands are approved and confirmed.

SEC. 3. The firm of Del Pan, Ortigas and Fisher is also directed, as soon as the examination of the title deeds to said property shall have been completed, to make report of the result of their investigations in that behalf to the civil governor, and under his direction to supervise the final deeds of conveyance of said lands by said corporations to the government of the Philippine Islands. The civil governor is also directed to submit their report, together with the said deeds, to the attorney general for his opinion.

SEC. 4. The civil governor is hereby empowered, when it shall have been ascertained that the titles to said land are perfect and indefeasible and proper instruments of conveyance are tendered by said corporations, to direct the payment to the corporations named in the preamble of the several sums agreed to be paid for said lands, and to that end to draw the warrants of the government of the Philippine Islands upon the sum realized from the sale of the bonds issued and sold, as provided in act numbered ten hundred and thirty-four.

SEC. 5. When the titles to said lands are finally vested in the government of the Philippine Islands, they shall be under the immediate control and direction of the bureau of public lands. The chief of the bureau of public lands is empowered and directed, pending the completion of the purchase of said lands, to receive, take charge of, and carefully preserve the said contracts of sale and purchase and all muniments, documents, title deeds, or other papers pertaining to said lands, and all field notes, surveys, and other data relating thereto, and also the deeds of conveyance hereinafter made pursuant to the terms of said contracts of sale and purchase, and thereafter to keep and preserve the same, except as required for registration of said lands.

SEC. 6. The title deeds and instruments of conveyance pertaining to the lands in each province, when executed and delivered by said grantors to the government and placed in the keeping of the chief of the bureau of public lands, as above provided, shall be by him transmitted to the register of deeds of each province in which any part of said lands lies for registration in accordance with law.

SEC. 7. Upon the vesting of the titles to said lands in the government of the Philippine Islands by proper deeds of conveyance, or sooner if so directed by the civil gov-

ernor, the chief of the bureau of public lands shall ascertain the names and residences of the actual bona fide settlers and occupants then in possession of said lands or of any portion of them, together with the extent of their several holdings and the character and value thereof. He is also directed to ascertain from said occupants whether they desire to purchase their holdings upon the terms prescribed in the succeeding sections.

SEC. 8. In case any occupant in possession does not desire to purchase his holding, but does desire to lease the same, then it shall be the duty of the chief of the bureau of public lands, after vesting of title, to see that such occupant attorns in due form to the government and enters into a lease with the usual covenants and agrees to pay a reasonable rental for the use and occupation of his holding. Such rental shall be fixed by the chief of the bureau of public lands, but in no instance shall any lease be made for a longer term than three years.

SEC. 9. In the event the chief of the bureau of public lands should find any of the said lands vacant, he is directed to take possession and charge thereof, and he may either lease such unoccupied lands for a term not exceeding three years or offer the same for sale, as in his judgment may seem for the best interests of the government, and in making such sales he shall proceed as provided in chapter two of the public-land act.

SEC. 10. Should he find any of the said lands in possession of a person or persons declining either to buy or to rent, as above set forth, he shall take possession thereof if he can do so peaceably, and if not he shall begin proper legal proceedings in the court of land registration to settle title and to oust him or them from his or their holdings and, upon adjudication in favor of the government, shall likewise take possession of the same with the same power and authority as though originally vacant. He shall not, however, sell any of the main hacienda houses or other large and substantial buildings save a upon resolution of the commission authorizing him so to do.

SEC. 11. Should any person who is the actual and bona fide settler upon and occupant of any portion of said lands at the time the same is conveyed to the government of the Philippine Islands desire to purchase the land so occupied by him, he shall be entitled to do so at the actual cost thereof to the government, and shall be allowed ten years from the date of purchase within which to pay for the same in equal annual installments, if he so desires, all deferred payments to bear interest at the rate of four per centum per annum.

SEC. 12. It shall be the duty of the chief of the bureau of public lands by proper investigation to ascertain what is the actual value of the parcel of land held by each settler and occupant, taking into consideration the location and quality of each holding

of land and any other circumstances giving it value. The basis of valuation shall likewise be, so far as practicable, such that the aggregate of the values of all the holdings included in each particular tract shall be equal to the cost to the government of the entire tract, including the cost of surveys, administration, and interest upon the purchase money to the time of sale. When the cost thereof shall have been thus ascertained, the chief of the bureau of public lands shall give the said settler and occupant a certificate which shall set forth in detail that the government has agreed to sell to such settler and occupant the amount of land so held by him, at the price so fixed, payable as provided in this act at the office of the chief of the bureau of public lands, in gold coin of the United States or its equivalent in Philippine currency, and that upon the payment of the final installment together with all accrued interest the government will convey to such settler and occupant the said land so held by him by proper instrument of conveyance, which shall be issued and become effective in the manner provided in section one hundred and twenty-two of the land registration act. The chief of the bureau of public lands shall, in each instance where a certificate is given to the settler and occupant of any holding, take his formal receipt showing the delivery of such certificate, signed by said settler and occupant.

SEC. 13. The acceptance by the settler and occupant of such certificate shall be considered as an agreement by him to pay the purchase price so fixed and in the installments and at the interest specified in the certificate, and he shall by such acceptance become a debtor to the government in that amount together with all accrued interest. In the event that any such settler and occupant may desire to pay for his holding of said lands in cash, or within a shorter period of time than that above specified, he shall be allowed to do so, and if payment be made in cash the lands shall at once be conveyed to him as above provided. But if purchase is made by installments, the certificate shall so state in accordance with the facts of the transaction: *Provided, however,* That every settler and occupant who desires to purchase his holding must enter into the agreement to purchase such holding by accepting the said certificate and executing the said receipt whenever called on so to do by the chief of the bureau of public lands, and a failure on the part of the settler and occupant to comply with this requirement shall be considered as a refusal to purchase, and he shall be ousted as above provided and thereafter his holding may be leased or sold as in case of unoccupied lands: *And provided further,* That the chief of the bureau of public lands in his discretion may require of any settler and occupant so desiring to purchase that, pending the investigation requisite to fix the precise extent of his holding and its cost, he

shall attorn to the government as its tenant and pay a reasonable rent for the use of his holding; but no such lease shall be for a longer term than three years, and refusal on the part of any settler and occupant so desiring to purchase to execute a lease pending such investigation shall be treated as a refusal either to lease or to purchase, and the chief of the bureau of public lands shall proceed to oust him as in this act provided.

SEC. 14. It shall be the duty of the chief of the bureau of public lands to collect and receive all rent and installments of purchase money and interest thereon due and payable under the provisions of this act, and to give proper receipts and acquittances therefor and make proper record thereof in the books of his office.

SEC. 15. The government hereby reserves the title to each and every parcel of land sold under the provisions of this act until the full payment of all installments of purchase money and interest by the purchaser has been made, and any sale or incumbrance made by him shall be invalid as against the government of the Philippine Islands and shall be in all respects subordinate to its prior claim.

SEC. 16. In the event of the death of a holder of a certificate the issuance of which is provided for in section twelve hereof, prior to the execution of a deed by the government to any purchaser, his widow shall be entitled to receive a deed of the land stated in the certificate upon showing that she has complied with the requirements of law for the purchase of the same. In case a holder of a certificate dies before the giving of the deed and does not leave a widow, then the interest of the holder of the certificate shall descend and deed shall issue to the persons who under the laws of the Philippine Islands would have taken had the title been perfected before the death of the holder of the certificate, upon proof of the holders thus entitled of compliance with all the requirements of the certificate. In case the holder of the certificate shall have sold his interest in the land before having complied with all the conditions thereof, the purchaser from the holder of the certificate shall be entitled to all the rights of the holder of the certificate upon presenting his assignment to the chief of the bureau of public lands for registration.

SEC. 17. In the event that any lessee or purchaser of land under the provisions of this act should fail to pay his rent or any installment of purchase money and interest thereon, or accrued interest on any installment not due, when and as the same matures, it shall be the duty of the chief of the bureau of public lands at once to protect the government from loss. In the case of a lease, when the lessee is delinquent in payment of rent, the chief of the bureau of public lands is empowered to declare the lease forfeited, making proper entry to that effect in the books of his office and giving notice thereof

to the tenant, and to enter upon and take possession of the land held by the lessee and bring suit against the lessee for all rent due; in the case of a delinquent purchaser, the chief of the bureau of public lands may enforce payment of any past-due installment and interest by bringing suit to recover the same with interest thereon, and also enforce the lien of the government against the land by selling the same in the manner provided by Act Numbered One hundred and ninety for the foreclosure of mortgage. In the event of such sale the purchaser at such sale shall acquire a good and indefeasible title. The proceeds of sale shall be applied to the payment of the costs of court and of all installments due or to become due on such land. If the proceeds of the sale are sufficient to pay all delinquent installments as well as all future installments and costs of the litigation, there shall be no further claim or liability against the original purchaser. If the proceeds of the sale of said lands should amount to more than sufficient to pay all purchase money and interest due the government and costs of suit, the surplus thereof shall be returned to the original purchaser, or to the person entitled thereto.

SEC. 18. No lease or sale made by the chief of the bureau of public lands under the provisions of this act shall be valid until approved by the secretary of the interior.

SEC. 19. No purchaser or lessee under this act shall acquire any exclusive rights to any canal, ditch, reservoir, or other irrigation works, or to any water supply upon which such irrigation works are or may be dependent, but all of such irrigation works and water supplies shall remain under the exclusive control of the government of the Philippine Islands and be administered under the direction of the chief of the bureau of public lands for the common benefit of those interests dependent upon them. And the government reserves as a part of the contract of sale in each instance the right to levy an equitable contribution or tax for the maintenance of such irrigation works, the assessment of which shall be based upon the amount of benefits received, and each purchaser under this act, by accepting the certificate of sale or deed herein provided to be given, shall be held to assent thereto. And it is further provided that all lands leased or conveyed under this act shall remain subject to the right of way of such irrigation canals, ditches, and reservoirs as now exist or as the government may hereafter see fit to construct.

SEC. 20. All persons receiving title to lands under the provisions of this act shall hold such lands subject to the same public servitudes as existed upon lands owned by private persons under the sovereignty of Spain, including those with reference to the littoral of the sea and the banks of navigable rivers and rivers upon which rafting may be done.

SEC. 21. The civil governor, when authorized by resolution of the commission, may, by proclamation, designate any tract or tracts of said lands as nonalienable, and

reserve the same for public use, and thereafter such tracts shall not be subject to sale, lease, or other disposition under this act.

SEC. 22. It shall be the duty of the chief of the bureau of public lands to make quarterly reports, through the secretary of the interior, to the commission, showing the lands leased or sold by him in accordance with the provisions of this act, the amounts of moneys derived from such rentals and sales, and such other information as in his opinion may be of value to the commission in connection with the said lands and their administration and disposition as provided by this act. Both the secretary of the interior and the chief of the bureau of public lands shall have the right to require of the special counsel named in the first section hereof, or of their successors, such advice and assistance as from time to time may be required by them in the performance of their duties under this act, and it shall be the duty of said counselors to give such legal advice and assistance.

SEC. 23. All moneys derived by the chief of the bureau of public lands from the leasing or sale of said lands, or from interest on deferred payments thereon, shall by him be promptly deposited in the insular treasury. Such moneys shall be by the treasurer held separate and apart from general insular funds and shall constitute a trust fund for the payment of the principal and interest of the seven million two hundred and thirty-seven thousand dollars of bonds, issued and sold by the Secretary of War in the name and on behalf of the Government of the Philippine Islands for the purpose of raising money to pay the purchase price of said lands, as provided in Act Numbered Ten hundred and thirty-four, entitled "An act providing for the issue of bonds of the Government of the Philippine Islands to the amount of seven million two hundred and thirty-seven thousand dollars, gold coin of the United States of the present standard value, for the purpose of acquiring funds for the payment of the purchase price of certain large tracts of land in the Philippine Islands, commonly known as the friar lands, pursuant to the provisions of sections sixty-three, sixty-four, and sixty-five of the act of Congress entitled 'An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes,' approved July first, nineteen hundred and two." Said money shall also constitute a sinking fund for the payment of said bonds at maturity and may be invested and reinvested in safe interest-bearing bonds or other securities, which shall likewise be held by the treasurer as a part of such sinking fund, and all interest, dividends, or profits derived from said bonds or other securities thus purchased shall likewise be a part of such sinking fund and may in turn be invested and reinvested in

bonds or other securities. All purchases of bonds or other securities by the treasurer shall be subject to the approval of the secretary of finance and justice.

SEC. 24. The chief of the bureau of public lands, under the supervision of the secretary of the interior, shall prepare and issue such forms and instructions, consistent with this act, as may be necessary and proper to carry into effect all the provisions hereof that are to be administered by or under the direction of the bureau of public lands, and for the conduct of all proceedings arising under such provisions.

SEC. 25. The sum of ten thousand pesos, Philippine currency, is hereby appropriated, out of any funds in the insular treasury not otherwise appropriated, for the purpose of paying the salary of the special counsel referred to in the first section hereof and for making the investigations and surveys required hereby and for the general carrying out of the provisions of this act.

SEC. 26. The short title of this act shall be "The friar lands act."

SEC. 27. The public good requiring the speedy enactment of this bill, the passage of the same is hereby expedited in accordance with section two of "An act prescribing the order of procedure by the commission in the enactment of laws," passed September twenty-sixth, nineteen hundred.

SEC. 28. This act shall take effect on its passage.

Enacted, April 26, 1904.

[First Philippine Legislature, special session. C. B. No. 40.]

[No. 1847.]

AN ACT Amending sections nine and eleven of act numbered eleven hundred and twenty, entitled "The friar lands act," providing for the manner of sale of unoccupied lands and the time within which deferred payments by purchasers of friar lands may be made.

By authority of the United States, be it enacted by the Philippine Legislature, that:

SECTION 1. Section nine of act numbered eleven hundred and twenty, entitled "The friar lands act," is hereby amended to read as follows:

"SEC. 9. In the event the director of lands should find any of the said lands vacant, he is directed to take possession and charge thereof, and he may either lease such unoccupied lands for a term not exceeding three years or offer the same for sale, as in his judgment may seem for the best interests of the government, and in making such sales he shall proceed as provided in section eleven of this act."

SEC. 2. Section eleven of the said act is hereby amended to read as follows:

"SEC. 11. Should any person who is the actual and bona fide settler upon and occupant of any portion of said lands at the time the same is conveyed to the govern-

ment of the Philippine Islands desire to purchase the land so occupied by him, he shall be entitled to do so at the actual cost thereof to the government, and shall be allowed to pay for same in equal annual or semiannual installments: *Provided, however,* That payment by installments shall be in such amounts and at such time that the entire amount of the purchase price, with interest accrued, shall be paid at least one year before the maturity of what are known as the "friar lands bonds," issued under the provisions of act numbered one thousand and thirty-four; that is, on or before February first, nineteen hundred and thirty-three.. The terms of purchase shall be agreed upon between the purchaser and the director of lands, subject to the approval of the secretary of the interior, and all deferred payments on the purchase price shall bear interest at the rate of four per centum per annum.

"In case of sale of vacant lands under the provisions of section nine of this act, the director of lands shall notify the municipal president or municipal presidents of the municipality or municipalities in which said lands lie of said sale before the same takes place. Upon receipt of such notification by said municipal president or municipal presidents the latter shall publish the same for three consecutive days, by *bandillos*, in the *población* and barrio or barrios affected, and shall certify all these acts to the director of lands, who shall then, and not before, proceed to make the said sale with preference, other conditions being equal, to the purchaser who has been a tenant or bona fide occupant at any time of the said lands or part thereof, and if there has been more than one occupant to the last tenant or occupant: *Provided, however,* That no sale of vacant lands made in accordance with this section shall be valid nor of any effect without the requisite as to publication by *bandillos*, above provided."

SEC. 3. This act shall take effect on its passage.

Enacted, June 3, 1908.

[First Philippine Legislature, second session. A. B. No. 520.]

[No. 1933.]

AN ACT Adding new matter to section seven of act numbered eleven hundred and twenty and amending sections nine and eleven of said act, as amended by act numbered eighteen hundred and forty-seven, and for other purposes.

By authority of the United States, be it enacted by the Philippine Legislature, that:

SECTION 1. The following is hereby added to the end of section seven of act numbered eleven hundred and twenty:

"*Provided,* That the failure on the part of the occupants to state their desire to lease or purchase said lands shall not be understood to mean that they do not desire to

acquire them. In case of such failure it shall be the duty of the director of lands, or his agents, to enjoin such occupants to state their desire in writing within the period of eight days from the date of such injunction, and their failure to do so shall be understood to mean that such occupants do not desire either to lease or to purchase said lands. The director of lands shall neither lease nor sell the said lands to any other person until the foregoing requirements shall have been complied with, and any contracts of lease or of sale hereafter executed without them shall be null and void."

SEC. 2. Section nine of Act Numbered Eleven hundred and twenty, as amended by Act Numbered Eighteen hundred and forty-seven, is hereby amended to read as follows:

"SEC. 9. In the event the director of lands should find any of said lands vacant, he is directed to take possession and charge thereof, and he may either lease such unoccupied lands for a term not exceeding three years, or sell same, as may be solicited, and in making such leases or such sales he shall proceed as provided in section eleven of this act."

SEC. 3. Paragraph two of section eleven of the said act, as amended by Act Numbered Eighteen hundred and forty-seven, is hereby amended to read as follows:

"In case of lease of vacant lands, as well as in case of sale of same under the provisions of section nine of this act, the director of lands shall notify the municipal president or municipal presidents of the municipality or municipalities in which said lands lie before the same takes place. Upon receipt of such notification by said municipal president or municipal presidents the latter shall publish the same for three consecutive days, by *bandillos*, in the *población* and barrio or barrios affected, and shall certify all these acts to the director of lands, who shall then, and not before, proceed to execute the contract or lease or to make the said sale with preference, other conditions being equal, to the purchaser who has been a tenant or bona fide occupant at any time of the said lands or part thereof, and if there has been more than one occupant to the last tenant or occupant: *Provided, however*, That no contract for the lease of and no sale of vacant lands made in accordance with this section shall be valid nor of any effect without the requisite as to publication by *bandillos* above provided."

SEC. 4. This act shall take effect on its passage.

Enacted, May 20, 1909.

EXHIBIT O.

Opinion of the law officer of the bureau of lands on the question whether the director of lands has authority to sell to an individual, or an individual to purchase from the government, vacant and unoccupied lands constituting a portion of the friar-lands purchase, without restriction as to area.

SIR: Pursuant to your verbal instructions I have the honor to submit the following opinion:

QUESTION.

Has the director of lands authority to sell to an individual, or an individual to purchase from the government, vacant and unoccupied lands, constituting a portion of the "friar-lands" purchase, without a restriction as to area?

OPINION.

For the determination of this question it is first necessary to determine whether the so-called friar lands are "public lands" within the meaning of the public-land act, and so subject to the restriction that not more than 16 hectares of unoccupied and unreserved public land can be acquired by purchase from the government by an individual.

Section 10 of the public-land act, referring to sales of the public domain restricts the operation of the public-land act, as regulating sales of the public domain, to "unoccupied, unappropriated, and unreserved, nonmineral, agricultural public land, as defined in the act of Congress of July 1, 1902."

The definition referred to, contained in the act of Congress of July 1, 1902, is found in section 12 thereof as follows:

"All property and rights which may have been acquired in the Philippine Islands by the United States, under the treaty of peace with Spain signed December 10, 1898, except such land or other property as shall be designated by the President of the United States, for the military and other reservations of the Government of the United States, are hereby placed under the control of the government of said Islands, to be administered for the benefit of the inhabitants thereof, except as provided in this act."

At the date of the signing of the treaty of Paris, the so-called friar lands were of private ownership and the government acquired no property or rights in them (except those of eminent domain, which it exercises over all property of private ownership). Subsequently the government under special authority of Congress acquired these lands

by purchase from their then owners, and except for any restrictions imposed by Congress or by legislation subsequently enacted by the Philippine Commission or the legislature, it is as free to dispose of them as would be any private purchaser from the former owners.

The restrictions imposed by Congress in this respect are contained in section 65 of said act of July 1, 1902, and are as follows:

"Sec. 65. That all lands acquired by virtue of the preceding section shall constitute a part and portion of the public property of the government of the Philippine Islands, and may be held, sold and conveyed, or leased temporarily for a period not exceeding three years after their acquisition by said government on such terms and conditions as it may prescribe, subject to the limitations and conditions provided for in this act: *Provided*, That all deferred payments and the interest thereon shall be payable in the money prescribed for the payment of principal and interest of the bonds authorized to be issued in payment of said lands by the preceding section, and said deferred payments shall bear interest at the rate borne by the bonds. All moneys realized or received from sale or other disposition of said lands or by reason thereof shall constitute a trust fund for the payment of principal and interest of said bonds, and also constitute a sinking fund for the payment of said bonds at their maturity. Actual settlers and occupants at the time said lands are acquired by the government shall have the preference over all others to lease, purchase, or acquire their holdings within such reasonable time as may be determined by said government."

Section 65 of the Philippine act just quoted expressly authorizes the sale of these lands, subject only to the limitations imposed in the act itself, with the proviso that actual settlers and occupants at the time of purchase shall have the prior right to lease and purchase. This proviso has no application in the present case, as the lands under discussion are unoccupied and vacant and were so at the time of the purchase.

An examination of the Philippine act of July 1, 1902, fails to disclose any restriction as to the amount of vacant friar lands that may be sold to or acquired by an individual, and there is none in existing legislation.

The existing prohibition against a corporation engaged in agriculture owning or controlling more than 1,024 hectares of land is not to be extended by implication to include an individual or even a voluntary association of individuals; it is a piece of what is popularly known as "antitrust" or "anticorporation" legislation and numerous reasons can be assigned as to why the legislature saw fit to make the prohibition as to corporations and not as to individuals.

It is true that in section 9 of the friar lands act, No. 1120, the director of lands was directed to proceed in the sale or leasing of vacant friar lands "as provided in Chapter II of the public land act," but this unquestionably referred to method to be followed and the steps to be taken in such leasing or selling and not to the restrictions that limited an individual purchaser to 16 hectares.

If there were any doubt on this latter point it is of no importance now, as this provision of section 9 of act No. 1120 was repealed by act No. 1847.

I am of the opinion that the director of lands may sell and an individual purchaser may acquire vacant and unoccupied friar lands without any restriction as to area.

Very respectfully,

LOUIS C. KNIGHT,
Attorney, Bureau of Lands.

The DIRECTOR OF LANDS,
Manila, P. I.

Certified as correct copy:

C. H. SLEEPER, *Director of Lands.*

82278°—H. Rept. 2289, 61-3—80

EXHIBIT D.

Opinion of the Attorney General of the United States upon the question "whether section 15 of the act of Congress approved July 1, 1902, entitled 'An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes,' limiting the amount of the land which may be acquired by individuals and corporations, is made applicable by section 65 of said act to the estates purchased from religious orders in the Philippine Islands pursuant to the authority conferred upon the Philippine government by sections 63, 64, and said section 65 of the act mentioned."

DEPARTMENT OF JUSTICE,

Washington, December 18, 1909.

SIR: In your letter of December 4, instant, you request an opinion upon the question "whether section 15 of the act of Congress approved July 1, 1902, entitled 'An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes,' limiting the amount of land which may be acquired by individuals and corporations, is made applicable by section 65 of said act to the estates purchased from religious orders in the Philippine Islands pursuant to the authority conferred upon the Philippine government by sections 63, 64, and said section 65 of the act mentioned."

Section 15 must be taken in connection with sections 12 and 13, which are as follows:

"SEC. 12. That all the property and rights which may have been acquired in the Philippine Islands by the United States under the treaty of peace with Spain, signed December tenth, eighteen hundred and ninety-eight, except such land or other property as shall be designated by the President of the United States for military and other reservations of the Government of the United States, are hereby placed under the control of the government of said islands to be administered for the benefit of the inhabitants thereof, except as provided in this act.

"SEC. 13. That the government of the Philippine Islands, subject to the provisions of this act and except as herein provided, shall classify according to its agricultural character and productiveness, and shall immediately make rules and regulations for the lease, sale, or other disposition of the public lands other than timber or mineral lands, but such rules and regulations shall not go into effect or have the force of law until they have received the approval of the President; and when approved by the President they shall be submitted by him to Congress at the beginning of the ensuing

session thereof, and unless disapproved or amended by Congress at said session they shall at the close of such period have the force and effect of law in the Philippine Islands: *Provided*, That a single homestead entry shall not exceed sixteen hectares in extent."

Section 15 then provides:

"That the government of the Philippine Islands is hereby authorized and empowered, on such terms as it may prescribe, by general legislation, to provide for the granting or sale and conveyance to actual occupants and settlers and others citizens of said islands such parts and portions of the public domain, other than timber and mineral lands, of the United States in said islands as it may deem wise, not exceeding sixteen hectares to any one person and for the sale and conveyance of not more than one thousand and twenty-four hectares to any corporation or association of persons: *Provided*, That the grant or sale of such lands, whether the purchase price be paid at once or in partial payments, shall be conditioned upon actual and continued occupancy, improvement, and cultivation of the premises sold for a period of not less than five years, during which time the purchaser or grantee can not alienate or encumber said land or the title thereto; but such restriction shall not apply to transfers of rights and title of inheritance under the laws for the distribution of estates of decedents."

The lands referred to in sections 13 and 15 are agricultural lands. They are carefully distinguished from timber and mineral lands. They are lands which have been acquired in the Philippine Islands by the United States under the treaty with Spain. Section 13 is a recognition of homestead entries. Section 15 provides for the grant or sale of lands to actual occupants and settlers and other citizens, but the grants and sales thus made are upon the condition of actual and continued occupancy, improvement, and cultivation for less than five years.

In accordance with the authority given to it, the Philippine Commission enacted the law known as the public land law to carry out the provisions of these sections.

Sections 63, 64, and 65 were enacted for a different purpose. The authority of the Philippine government in relation to property was largely extended. They are as follows:

"SEC. 63. That the government of the Philippine Islands is hereby authorized, subject to the limitations and conditions prescribed in this act, to acquire, receive, hold, maintain, and convey title to real and personal property, and may acquire real estate for public uses by the exercise of eminent domain.

"SEC. 64. That the powers hereinbefore conferred in section sixty-three may also be exercised in respect of any lands, easements, appurtenances, and hereditaments which, on the thirteenth of August, eighteen hundred and ninety-eight, were owned or held by associations, corporations, communities, religious orders, or private individuals in such large tracts or parcels and in such manner as in the opinion of the commission injuriously to affect the peace and welfare of the people of the Philippine Islands. And for the purpose of providing funds to acquire the lands mentioned in this section said government of the Philippine Islands is hereby empowered to incur indebtedness to borrow money, and to issue, and to sell at not less than par value, in gold coin of the United States of the present standard value, or the equivalent in value in money of

bonds or other securities. All purchases of bonds or other securities by the treasury shall be subject to the approval of the secretary of finance and justice.

SEC. 24. The chief of the bureau of public lands, under the supervision of the secretary of the interior, shall prepare and issue such forms and instructions, consistent with this act, as may be necessary and proper to carry into effect all the provisions hereof that are to be administered by or under the direction of the bureau of public lands, and for the conduct of all proceedings arising under such provisions.

SEC. 25. The sum of ten thousand pesos, Philippine currency, is hereby appropriated, out of any funds in the insular treasury not otherwise appropriated, for the purpose of paying the salary of the special counsel referred to in the first section hereof and for making the investigations and surveys required hereby and for the general carrying out of the provisions of this act.

SEC. 26. The short title of this act shall be "The friar lands act."

SEC. 27. The public good requiring the speedy enactment of this bill, the passage of the same is hereby expedited in accordance with section two of "An act prescribing the order of procedure by the commission in the enactment of laws," passed September twenty-sixth, nineteen hundred.

SEC. 28. This act shall take effect on its passage.

Enacted, April 26, 1904.

[First Philippine Legislature, special session. C. B. No. 40.]

[No. 1847.]

AN ACT Amending sections nine and eleven of act numbered eleven hundred and twenty, entitled "The friar lands act," providing for the manner of sale of unoccupied lands and the time within which deferred payments by purchasers of friar lands may be made.

By authority of the United States, be it enacted by the Philippine Legislature, that:

SECTION 1. Section nine of act numbered eleven hundred and twenty, entitled "The friar lands act," is hereby amended to read as follows:

"SEC. 9. In the event the director of lands should find any of the said lands vacant, he is directed to take possession and charge thereof, and he may either lease such unoccupied lands for a term not exceeding three years or offer the same for sale, as in his judgment may seem for the best interests of the government, and in making such sales he shall proceed as provided in section eleven of this act."

SEC. 2. Section eleven of the said act is hereby amended to read as follows:

"SEC. 11. Should any person who is the actual and bona fide settler upon and occupant of any portion of said lands at the time the same is conveyed to the govern-

ment of the Philippine Islands desire to purchase the land so occupied by him, he shall be entitled to do so at the actual cost thereof to the government, and shall be allowed to pay for same in equal annual or semiannual installments: *Provided, however,* That payment by installments shall be in such amounts and at such time that the entire amount of the purchase price, with interest accrued, shall be paid at least one year before the maturity of what are known as the "friar lands bonds," issued under the provisions of act numbered one thousand and thirty-four; that is, on or before February first, nineteen hundred and thirty-three.. The terms of purchase shall be agreed upon between the purchaser and the director of lands, subject to the approval of the secretary of the interior, and all deferred payments on the purchase price shall bear interest at the rate of four per centum per annum.

"In case of sale of vacant lands under the provisions of section nine of this act, the director of lands shall notify the municipal president or municipal presidents of the municipality or municipalities in which said lands lie of said sale before the same takes place. Upon receipt of such notification by said municipal president or municipal presidents the latter shall publish the same for three consecutive days, by *bandillos*, in the *población* and barrio or barrios affected, and shall certify all these acts to the director of lands, who shall then, and not before, proceed to make the said sale with preference, other conditions being equal, to the purchaser who has been a tenant or bona fide occupant at any time of the said lands or part thereof, and if there has been more than one occupant to the last tenant or occupant: *Provided, however,* That no sale of vacant lands made in accordance with this section shall be valid nor of any effect without the requisite as to publication by *bandillos*, above provided."

SEC. 3. This act shall take effect on its passage.

Enacted, June 3, 1908.

[First Philippine Legislature, second session. A. B. No. 520.]

[No. 1933.]

AN ACT Adding new matter to section seven of act numbered eleven hundred and twenty and amending sections nine and eleven of said act, as amended by act numbered eighteen hundred and forty-seven, and for other purposes.

By authority of the United States, be it enacted by the Philippine Legislature, that:

SECTION 1. The following is hereby added to the end of section seven of act numbered eleven hundred and twenty:

"*Provided,* That the failure on the part of the occupants to state their desire to lease or purchase said lands shall not be understood to mean that they do not desire to

acquire them. In case of such failure it shall be the duty of the director of lands, or his agents, to enjoin such occupants to state their desire in writing within the period of eight days from the date of such injunction, and their failure to do so shall be understood to mean that such occupants do not desire either to lease or to purchase said lands. The director of lands shall neither lease nor sell the said lands to any other person until the foregoing requirements shall have been complied with, and any contracts of lease or of sale hereafter executed without them shall be null and void."

SEC. 2. Section nine of Act Numbered Eleven hundred and twenty, as amended by Act Numbered Eighteen hundred and forty-seven, is hereby amended to read as follows:

"SEC. 9. In the event the director of lands should find any of said lands vacant, he is directed to take possession and charge thereof, and he may either lease such unoccupied lands for a term not exceeding three years, or sell same, as may be solicited, and in making such leases or such sales he shall proceed as provided in section eleven of this act."

SEC. 3. Paragraph two of section eleven of the said act, as amended by Act Numbered Eighteen hundred and forty-seven, is hereby amended to read as follows:

"In case of lease of vacant lands, as well as in case of sale of same under the provisions of section nine of this act, the director of lands shall notify the municipal president or municipal presidents of the municipality or municipalities in which said lands lie before the same takes place. Upon receipt of such notification by said municipal president or municipal presidents the latter shall publish the same for three consecutive days, by *bandillos*, in the *población* and barrio or barrios affected, and shall certify all these acts to the director of lands, who shall then, and not before, proceed to execute the contract or lease or to make the said sale with preference, other conditions being equal, to the purchaser who has been a tenant or bona fide occupant at any time of the said lands or part thereof, and if there has been more than one occupant to the last tenant or occupant: *Provided, however,* That no contract for the lease of and no sale of vacant lands made in accordance with this section shall be valid nor of any effect without the requisite as to publication by *bandillos* above provided."

SEC. 4. This act shall take effect on its passage.

Enacted, May 20, 1909.

EXHIBIT C.

Opinion of the law officer of the bureau of lands on the question whether the director of lands has authority to sell to an individual, or an individual to purchase from the government, vacant and unoccupied lands constituting a portion of the friar-lands purchase, without restriction as to area.

SIR: Pursuant to your verbal instructions I have the honor to submit the following opinion:

QUESTION.

Has the director of lands authority to sell to an individual, or an individual to purchase from the government, vacant and unoccupied lands, constituting a portion of the "friar-lands" purchase, without a restriction as to area?

OPINION.

For the determination of this question it is first necessary to determine whether the so-called friar lands are "public lands" within the meaning of the public-land act, and so subject to the restriction that not more than 16 hectares of unoccupied and unreserved public land can be acquired by purchase from the government by an individual.

Section 10 of the public-land act, referring to sales of the public domain restricts the operation of the public-land act, as regulating sales of the public domain, to "unoccupied, unappropriated, and unreserved, nonmineral, agricultural public land, as defined in the act of Congress of July 1, 1902."

The definition referred to, contained in the act of Congress of July 1, 1902, is found in section 12 thereof as follows:

"All property and rights which may have been acquired in the Philippine Islands by the United States, under the treaty of peace with Spain signed December 10, 1898, except such land or other property as shall be designated by the President of the United States, for the military and other reservations of the Government of the United States, are hereby placed under the control of the government of said Islands, to be administered for the benefit of the inhabitants thereof, except as provided in this act."

At the date of the signing of the treaty of Paris, the so-called friar lands were of private ownership and the government acquired no property or rights in them (except those of eminent domain, which it exercises over all property of private ownership). Subsequently the government under special authority of Congress acquired these lands

by purchase from their then owners, and except for any restrictions imposed by Congress or by legislation subsequently enacted by the Philippine Commission or the legislature, it is as free to dispose of them as would be any private purchaser from the former owners.

The restrictions imposed by Congress in this respect are contained in section 65 of said act of July 1, 1902, and are as follows:

"Sec. 65. That all lands acquired by virtue of the preceding section shall constitute a part and portion of the public property of the government of the Philippine Islands, and may be held, sold and conveyed, or leased temporarily for a period not exceeding three years after their acquisition by said government on such terms and conditions as it may prescribe, subject to the limitations and conditions provided for in this act: *Provided*, That all deferred payments and the interest thereon shall be payable in the money prescribed for the payment of principal and interest of the bonds authorized to be issued in payment of said lands by the preceding section, and said deferred payments shall bear interest at the rate borne by the bonds. All moneys realized or received from sale or other disposition of said lands or by reason thereof shall constitute a trust fund for the payment of principal and interest of said bonds, and also constitute a sinking fund for the payment of said bonds at their maturity. Actual settlers and occupants at the time said lands are acquired by the government shall have the preference over all others to lease, purchase, or acquire their holdings within such reasonable time as may be determined by said government."

Section 65 of the Philippine act just quoted expressly authorizes the sale of these lands, subject only to the limitations imposed in the act itself, with the proviso that actual settlers and occupants at the time of purchase shall have the prior right to lease and purchase. This proviso has no application in the present case, as the lands under discussion are unoccupied and vacant and were so at the time of the purchase.

An examination of the Philippine act of July 1, 1902, fails to disclose any restriction as to the amount of vacant friar lands that may be sold to or acquired by an individual, and there is none in existing legislation.

The existing prohibition against a corporation engaged in agriculture owning or controlling more than 1,024 hectares of land is not to be extended by implication to include an individual or even a voluntary association of individuals; it is a piece of what is popularly known as "antitrust" or "anticorporation" legislation and numerous reasons can be assigned as to why the legislature saw fit to make the prohibition as to corporations and not as to individuals.

It is true that in section 9 of the friar lands act, No. 1120, the director of lands was directed to proceed in the sale or leasing of vacant friar lands "as provided in Chapter II of the public land act," but this unquestionably referred to method to be followed and the steps to be taken in such leasing or selling and not to the restrictions that limited an individual purchaser to 16 hectares.

If there were any doubt on this latter point it is of no importance now, as this provision of section 9 of act No. 1120 was repealed by act No. 1847.

I am of the opinion that the director of lands may sell and an individual purchaser may acquire vacant and unoccupied friar lands without any restriction as to area.

Very respectfully,

LOUIS C. KNIGHT,
Attorney, Bureau of Lands.

The DIRECTOR OF LANDS,
Manila, P. I.

Certified as correct copy:

C. H. SLEEPER, *Director of Lands.*

82278°—H. Rept. 2289, 61-3—80

EXHIBIT D.

Opinion of the Attorney General of the United States upon the question "whether section 15 of the act of Congress approved July 1, 1902, entitled 'An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes,' limiting the amount of the land which may be acquired by individuals and corporations, is made applicable by section 65 of said act to the estates purchased from religious orders in the Philippine Islands pursuant to the authority conferred upon the Philippine government by sections 63, 64, and said section 65 of the act mentioned."

DEPARTMENT OF JUSTICE,

Washington, December 18, 1909.

SIR: In your letter of December 4, instant, you request an opinion upon the question "whether section 15 of the act of Congress approved July 1, 1902, entitled 'An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes,' limiting the amount of land which may be acquired by individuals and corporations, is made applicable by section 65 of said act to the estates purchased from religious orders in the Philippine Islands pursuant to the authority conferred upon the Philippine government by sections 63, 64, and said section 65 of the act mentioned."

Section 15 must be taken in connection with sections 12 and 13, which are as follows:

"SEC. 12. That all the property and rights which may have been acquired in the Philippine Islands by the United States under the treaty of peace with Spain, signed December tenth, eighteen hundred and ninety-eight, except such land or other property as shall be designated by the President of the United States for military and other reservations of the Government of the United States, are hereby placed under the control of the government of said islands to be administered for the benefit of the inhabitants thereof, except as provided in this act.

"SEC. 13. That the government of the Philippine Islands, subject to the provisions of this act and except as herein provided, shall classify according to its agricultural character and productiveness, and shall immediately make rules and regulations for the lease, sale, or other disposition of the public lands other than timber or mineral lands, but such rules and regulations shall not go into effect or have the force of law until they have received the approval of the President; and when approved by the President they shall be submitted by him to Congress at the beginning of the ensuing

session thereof, and unless disapproved or amended by Congress at said session they shall at the close of such period have the force and effect of law in the Philippine Islands: *Provided*, That a single homestead entry shall not exceed sixteen hectares in extent."

Section 15 then provides:

"That the government of the Philippine Islands is hereby authorized and empowered, on such terms as it may prescribe, by general legislation, to provide for the granting or sale and conveyance to actual occupants and settlers and others citizens of said islands such parts and portions of the public domain, other than timber and mineral lands, of the United States in said islands as it may deem wise, not exceeding sixteen hectares to any one person and for the sale and conveyance of not more than one thousand and twenty-four hectares to any corporation or association of persons: *Provided*, That the grant or sale of such lands, whether the purchase price be paid at once or in partial payments, shall be conditioned upon actual and continued occupancy, improvement, and cultivation of the premises sold for a period of not less than five years, during which time the purchaser or grantee can not alienate or encumber said land or the title thereto; but such restriction shall not apply to transfers of rights and title of inheritance under the laws for the distribution of estates of decedents."

The lands referred to in sections 13 and 15 are agricultural lands. They are carefully distinguished from timber and mineral lands. They are lands which have been acquired in the Philippine Islands by the United States under the treaty with Spain. Section 13 is a recognition of homestead entries. Section 15 provides for the grant or sale of lands to actual occupants and settlers and other citizens, but the grants and sales thus made are upon the condition of actual and continued occupancy, improvement, and cultivation for less than five years.

In accordance with the authority given to it, the Philippine Commission enacted the law known as the public land law to carry out the provisions of these sections.

Sections 63, 64, and 65 were enacted for a different purpose. The authority of the Philippine government in relation to property was largely extended. They are as follows:

"**SEC. 63.** That the government of the Philippine Islands is hereby authorized, subject to the limitations and conditions prescribed in this act, to acquire, receive, hold, maintain, and convey title to real and personal property, and may acquire real estate for public uses by the exercise of eminent domain.

"**SEC. 64.** That the powers hereinbefore conferred in section sixty-three may also be exercised in respect of any lands, easements, appurtenances, and hereditaments which, on the thirteenth of August, eighteen hundred and ninety-eight, were owned or held by associations, corporations, communities, religious orders, or private individuals in such large tracts or parcels and in such manner as in the opinion of the commission injuriously to affect the peace and welfare of the people of the Philippine Islands. And for the purpose of providing funds to acquire the lands mentioned in this section said government of the Philippine Islands is hereby empowered to incur indebtedness to borrow money, and to issue, and to sell at not less than par value, in gold coin of the United States of the present standard value, or the equivalent in value in money of

said islands, upon such terms and conditions as it may deem best, registered or coupon bonds of said government for such amount as may be necessary, said bonds to be in denominations of fifty dollars or any multiple thereof, bearing interest at a rate not exceeding four and a half per centum per annum, payable quarterly, and to be payable at the pleasure of said government after dates named in said bonds not less than five nor more than thirty years from the date of their issue, together with interest thereon, in gold coin of the United States of the present standard value or the equivalent in value in money of said islands; and said bonds shall be exempt from the payment of all taxes or duties of said government, or any local authority therein, or of the Government of the United States, as well as from taxation in any form by or under State, municipal, or local authority in the United States or the Philippine Islands. The moneys which may be realized or received from the issue and sale of said bonds shall be applied by the government of the Philippine Islands to the acquisition of the property authorized by this section, and to no other purpose.

"Sec. 65. That all lands acquired by virtue of the preceding section shall constitute a part and portion of the public property of the government of the Philippine Islands, and may be held, sold, and conveyed, or leased temporarily for a period not exceeding three years after their acquisition by said government on such terms and conditions as it may prescribe, subject to the limitations and conditions provided for in this act: *Provided*, That all deferred payments and the interest thereon shall be payable in the money prescribed for the payment of principal and interest of the bonds authorized to be issued in payment of said lands by the preceding section and said deferred payments shall bear interest at the rate borne by the bonds. All moneys realized or received from sale or other disposition of said lands or by reason thereof shall constitute a trust fund for the payment of principal and interest of said bonds, and also constitute a sinking fund for the payment of said bonds at their maturity. Actual settlers and occupants at the time said lands are acquired by the government shall have the preference over all others to lease, purchase, or acquire their holdings within such reasonable time as may be determined by said government."

The lands designated in these sections were acquired in an entirely different manner from the property acquired under the treaty with Spain. Their disposition was upon different principles. Complete general power to acquire and dispose of property, real and personal, was given by section 63 to the Philippine government, subject only to the limitations and conditions of the act. Special provision was made in the sixty-fourth section for the acquisition of lands owned or held by associations, corporations, communities, religious orders, or private individuals in such large tracts or parcels and in such manner as in the opinion of the commission injuriously to affect the peace and welfare of the people of the Philippine Islands. To provide funds for this purpose the government was authorized to issue and sell their registered or coupon bonds, the proceeds of the sales of which were to be applied exclusively to the acquisition of the property. By section 65 the lands were to be held, sold, and conveyed on such terms and conditions as the Philippine government might prescribe, subject to the limitations and conditions of the act.

A sinking fund was created embracing the moneys realized from sales or disposition of the said lands for the payment of the bonds at their maturity.

To be sure, provision was made for the protection of occupants and settlers by giving them preference in purchasing or leasing said lands; but these purchases were in recognition of rights vested before the lands were acquired, and were on a different basis from the preemption purchases by occupants and settlers upon the condition of occupancy, improvement, and cultivation.

The Philippine Commission enacted a law April 26, 1904, "for the administration and temporary leasing and sale of certain haciendas and parcels of land, commonly known as friar lands, for the purchase of which the government of the Philippine Islands has recently contracted, pursuant to the provisions of sections sixty-three, sixty-four, and sixty-five of an act of the Congress of the United States entitled 'An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes, approved on the first day of July, nineteen hundred and two.'"

This act fully provided for carrying into effect the act of Congress in the acquisition of the friar lands. It appears that the lands were purchased and the bonds issued in conformity with the conditions in these statutes.

One of the recitals in the Philippine act, after stating the terms of the act of Congress, is that "whereas the said lands are not 'public lands' in the sense in which those words are used in the public land act numbered Nine hundred and twenty-six, and can not be acquired or leased under the provisions thereof, and it is necessary to provide proper agencies for carrying out the terms of said contracts of purchase and the requirements of said act of Congress with reference to the leasing and selling of said lands and the creation of a sinking fund to secure the payment of the bonds so issued."

The public land act was "general legislation" to carry out the provisions of sections 12, 13, 14, 15, and 16. The restrictions and limitations of those sections are specific and well defined. They apply to lands acquired by the treaty of peace with Spain. The citizens are limited in their rights of purchase to quantity and to compliance with the requirements of occupancy and cultivation.

The purchase of the friar lands was made under the authority of the legislation herein recited. That authority was lawfully delegated to the Philippine government by Congress. The government has complete control over the sale of the lands "on such terms and conditions as it may prescribe," subject to the limitations and conditions provided for in the act of 1902.

All moneys realized from the issue and sale of the bonds authorized by the sections the act recited herein must be applied to the acquisition of the property and to

no other purpose. The moneys received from the sales and disposition of the lands constitute a trust fund for the payment of the principal and interest of the bonds and also a sinking fund for the payment of the bonds at maturity. There are conditions prescribed in the act of Congress and carried into the Philippine Commission act. The intention of Congress was to abolish a system of ownership disadvantageous to the government and at the same time to provide for the sale of the acquired property, so that the bonds issued for the purchase might not become a permanent burden.

I am of the opinion that the limitations in section 15 do not apply to the estates purchased from religious orders under sections 63, 64, and 65 of the Philippine act

Very respectfully,

GEO. W. WICKERSHAM,
Attorney General.

The SECRETARY OF WAR.

A true copy:

C. H. SLEEPER, *Director of Lands.*

EXHIBIT E.

Charter of the Mindoro Development Co.

We, the undersigned, do hereby associate ourselves into a corporation under and by virtue of the provisions of an act of the Legislature of the State of New Jersey, entitled "An act concerning corporations (Revision of 1896)," and the acts supplementary thereto and amendatory thereof, for the purposes hereinafter set forth, and do hereby certify as follows:

First. The name of the corporation is The Mindoro Development Company.

Second. The location of the principal office of the corporation in the State of New Jersey is No. 243 Washington Street, Jersey City, County of Hudson. The name of the agent therein and in charge thereof, upon whom process against the corporation may be served, is George S. Hobart.

Third. The objects for which the corporation is formed are:

"To build, buy, own, hold, sell, lease, rent, equip, maintain, operate, and in any manner acquire, use, and dispose of factories, refineries, distilleries, mills, railroads, and tramroads, lines of steamships and sailing vessels, tugs, lighters, piers, docks, dry docks, wharves, warehouses, irrigating ditches and canals, electric and other plants (for lighting, heating, power, irrigating, refrigerating, and other purposes), hotels, lodging-houses, boarding-houses, stores, hospitals, schools, houses, tenements, barns, stables, and other buildings and structures of all kinds, parks and places of public amusement, entertainment, and instruction, and all materials, apparatus, tools, equipment, and appliances necessary, suitable, or convenient for the construction, equipment, maintenance, or other use thereof, and to own, hold, mortgage and convey such real estate as may be reasonably necessary to enable it to carry out the purposes for which it is created;

"To manufacture, refine, own, hold, buy, sell, import and export, deal in, and in any manner acquire, and dispose of, sugar, sugar cane, molasses, coffee, tobacco, lumber, woods, and agricultural products of all kinds; to buy, own, hold, sell, lease, rent, deal in, acquire in any manner, and dispose of machinery, implements, merchandise, commodities, and personal property of all kinds;

"To apply for, obtain, register, purchase, lease, or otherwise acquire, and to hold, use, own, operate, and introduce, and to sell, assign, or otherwise dispose of, any trade-marks, trade names, patents, inventions, improvements, and processes used in connection with or secured under letters patent of the United States or elsewhere or otherwise, and to use, exercise, develop, grant, license in respect of, or otherwise to turn to account any such trade-marks, patents, licenses, processes, and the like, or any such properties or rights;

To borrow and to lend money and to issue obligations for money borrowed, and to secure any of its obligations by mortgage or other lien on all or any of its properties, real or personal; to invest in, hold, subscribe for, buy, sell, and in any manner acquire and dispose of the stocks, bonds, and other obligations of other corporations, and while owner of any such stocks, bonds, or other obligations to exercise all the rights, powers, and privileges of ownership thereof, including the right to vote; to enter into and carry out contracts of all kinds pertaining to its business or to any of the purposes or powers aforesaid, and to conduct any business incidental to or connected with any of the purposes and powers aforesaid;

To conduct business and to exercise any or all of its corporate purposes and powers, have one or more offices, and hold, purchase, mortgage, and convey real or personal property, either within or without the State of New Jersey, in any of the several States, Territories, possessions, and dependencies of the United States of America, the District of Columbia, and in foreign countries;

Provided, however, That nothing herein contained shall be construed to give power to transact within the State of New Jersey the business of a railroad company, a canal company, or other company which shall need to possess the right of taking and condemning lands in said State.

Fourth. The amount of the total authorized capital stock of the corporation is \$100,000, divided into 1,000 shares of the par value of \$100 each.

Fifth. The names and post-office addresses of the incorporators and the number of shares of capital stock subscribed for by each, the aggregate of such subscriptions being the amount of capital stock with which the corporation will commence business are as follows:

Name.	Post-office address.	Number of shares.
Robert J. Bain.....	Jersey City, N. J.....	5
Samuel S. Moore.....	Elizabeth, N. J.....	5
Charles E. Scribner.....	Boonton, N. J.....	5

Sixth. The duration of the corporation shall be perpetual.

Seventh. The number of directors of the corporation shall be as fixed from time to time by the by-laws. The directors shall have power to make and alter by-laws, but any by-laws made by the directors may be altered or repealed by the stockholders at any annual or special meeting. The directors shall have power from time to time to fix and determine and to vary the amount of working capital of the corporation, and to direct and determine the use and disposition of the working capital. The directors shall have power to hold their meetings, to have one or more offices, and to keep the books of the corporation, except the stock and transfer books, outside of the State of New Jersey, at such places as from time to time may be designated by the by-law or by resolutions of the directors.

Eighth. Any action which shall at any time require the consent of the holders of two-thirds of the capital stock of the corporation at any meeting after notice to them

given, or require their consent in writing to be filed, may be taken upon the consent of or the consent given and filed by the holders of two-thirds of the capital stock represented at such meeting in person or by proxy.

In witness whereof we have hereunto set our hands and seals this 7th day of December, 1909.

[SEAL.] ROBERT J. BAIN.

[SEAL.] SAMUEL S. MOORE.

[SEAL.] CHARLES E. SCRIBNER.

Signed and sealed in the presence of—

CHARLES B. HUGHES.

STATE OF NEW JERSEY, *County of Hudson, ss:*

Be it remembered that on this 7th day of December, 1909, before me, the subscriber, a master in chancery of New Jersey, duly authorized to act within the county and State aforesaid, personally appeared Robert J. Bain, Samuel S. Moore, and Charles E. Scribner, who I am satisfied are the persons named in and who executed the foregoing certificate of incorporation, and I having made known to them the contents thereof, they did each acknowledge that they signed, sealed, and delivered the same as their voluntary act and deed for the uses and purposes therein set forth.

CHARLES B. HUGHES,

Master of Chancery of New Jersey.

Indorsed: Received in the Hudson County, N. J., clerk's office, 7th December, A. D. 1909, and recorded in Clerk Record No. , on page .

JOHN ROTHERHAM, *Clerk.*

Filed and recorded December 8, 1909.

S. D. DICKINSON, *Secretary of State.*

STATE OF NEW JERSEY,

Department of State.

I. S. D. Dickinson, secretary of state of the State of New Jersey, do hereby certify that the foregoing is a true copy of the certificate of incorporation of the Mindoro Development Company, and the indorsements thereon, as the same is taken from and compared with the original filed in my office on the 8th day of December, A. D. 1909, and now remaining on file and of record therein.

In testimony whereof I have hereunto set my hand and affixed my official seal at Trenton this 12th day of May, A. D. 1910.

[SEAL.]

S. D. DICKINSON, *Secretary of State.*

EXHIBIT F.

Copy of the lease of the Isabela estate to Edward B. Bruce.

[Special lease No. 1.]

**DEPARTMENT OF THE INTERIOR,
BUREAU OF LANDS,
*Friar Lands Division.***

ISABELA ESTATE, Isabela Province:

This memorandum of agreement made at Manila, Philippine Islands, this 6th day of January, A. D. 1910, between C. H. Sleeper, director of lands of the Philippine Islands, acting for and on behalf of the government of the Philippine Islands, party of the first part, and Edward B. Bruce, of Manila, party of the second part:

Witnesseth: That for and in consideration of the sum of two hundred pesos (₱200.00) in hand paid by said second party to said first party, receipt whereof is hereby acknowledged, and of the covenants and agreements hereinafter mentioned to be kept and performed by said second party, said first party has demised and leased to said second party those certain parcels or tracts of land, situated within and forming a part of the Isabela friar-lands estate, in the Province of Isabela, Island of Luzon, Philippine Islands, according to the plats of the official surveys of said estate now on file and of record in the office of the bureau of lands at Manila, to wit:

Lots numbered 4, 5, 6, 9, 13, 15, 16, 24, 26, 28, 30, 31, 41, 43, 45, 46, 48, 49, 52, 53, 55, 57, 58, 60, 61, 63, 64, 65, 68, 75, 76, 77, 78, 79, 82, 83, 86, 101, 102, 103, 104, 108, 109, 110, 112, 114, 115, 116, 117, 118, 119, 122, 123, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 169, 173, 175, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 206, 207, 208, 209, 216, 222, 226, 227, 228, 229, 230, 231, 232, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, and 255, and containing an area of 19,448 hectares 35 ares and 44 centares, more or less.

To have and to hold the said parcels or tracts with the appurtenances thereunto of right belonging unto the said second party, for a term of one (1) year, dating from the first day of January, A. D. 1910, until the thirty-first day of December, A. D. 1910 both dates inclusive.

(1) It is mutually covenanted and agreed by and between the parties hereto, that if, on or before the expiration of said term of one (1) year, said second party shall elect to purchase the premises herein leased, said first party on behalf of the government of the Philippine Islands will sell and convey by good and sufficient deed the absolute title in and to said premises; and the execution and delivery of said deed of convey-

ance from the government of the Philippine Islands to said second party shall be effected in accordance with the provisions of the friar-lands act as amended: *Provided, however, That this option to purchase shall terminate upon the thirty-first day of December, 1910, the date of expiration of this agreement.*

(2) It is further agreed that the consideration for said sale and conveyance of the premises herein leased, should said second party elect to purchase same, shall be the sum of four hundred twenty-two thousand five hundred pesos (₱422,500.00), currency of the Philippine Islands, together with interest thereon at the rate of four per centum (4%) per annum from and including the first day of January, 1910; and the payment of said purchase price or installments thereof, together with all interests accruing thereon shall be made in accordance with the provisions of said friar lands act as amended.

(3) It is further agreed that said second party, at his sole expense, shall cause an immediate examination of said premises to be made by a competent soil and agricultural expert, for the purpose of determining the quality of the soil and such other conditions, circumstances, and considerations as may affect the value of said premises for agricultural purposes and shall cause a true report to be prepared of the result of said examination and investigation; and should said second party fail to exercise his option to purchase as herein granted, he will deliver to said first party upon the date of the expiration of this agreement, free of all expense or charge, the said report together with all statistics and data prepared and submitted by said soil and agricultural expert in the course of his examination of said premises.

And said first party hereby certifies that all of the provisions of section 11 of Act No. 1120, as amended, relative to the leasing of vacant lands under section 9 of said Act, as amended, have been complied with. This lease and the option to purchase herein granted may be assigned by said second party.

In testimony whereof the said parties have hereunto set their hands at the place and upon the date first hereinabove written.

C. H. SLEEPER,

Director of Lands, Party of the First Part.

EDWARD B. BRUCE,

Party of the Second Part.

Witnesses:

C. D. BEHRENS.

C. W. RHEBERG.

Approved this 21st day of January, A. D. 1910.

DEAN C. WORCESTER,

Secretary of the Interior.

Certified copy

C. H. SLEEPER, *Director of Lands.*

EXHIBIT G.

Prospectus of the San Jose friar estate.¹

THE SAN JOSE FRIAR ESTATE, MINDORO ISLAND, P. .

Situation and area.—This estate is situated on the southwest coast of the island of Mindoro. Pandarochan, one of the towns on the island, about 2 miles from the southern boundary of this estate, is about 165 nautical miles from Manila, 168 nautical miles from Iloilo, and 265 nautical miles from Cebu. The estate has a sea frontage of about 13 miles on the Straits of Mindoro and extends inland about the same distance. The area is 22,941 hectares and 80 ares, or about 55,555 acres. The beach is almost a straight line from one end of the estate to the other. The accompanying blueprints show (a) the location with relation to the island of Mindoro and (b) the topographical features of the estate.

Terrain.—Comparatively level ground extends inland from the beach about 4 miles. South of the Bugsanga River a large, low, flat prairie stretches to the southern boundary of the estate and extends inland from the beach in almost a level plain, where the soil is very rich.

Accessibility.—Deep water is within a short distance of the shore, but the nearest harbor to the estate is at Pandarochan, on Mangarin Bay, about 2 miles from the southern boundary of the estate, which is under the protection of a tongue of land, making a perfectly safe harbor at any season of the year.

Population.—The number of people living on the estate, other than Manguianes (one of the wild non-Christian tribes), is approximately 300. These people were brought, when the estate was purchased by the Recoletos, chiefly from Zambales, and a few of them from the Calamianes Islands, to work on the estate. They were promised carabaos and other things necessary to work the fields, and have been required to pay a small rental to the friars as evidence that they have no claim or right to live on the estate. The houses in which they live at present were constructed by them with materials from the estate.

Drainage and irrigation.—Two large rivers pass through the estate, and there are a number of smaller river systems which have their source within the estate.

¹ The maps going with this prospectus, and included in the original are not herewith reproduced.

Owing to the forest through which pass the tributaries of the Romban River system, and which conserves through successive seasons the drainage of the divide, this stream has quite a considerable flow during the entire year. At a point about a mile and a quarter from its mouth, and where it is considerably below the limits of the tidal flow, the depth of water can seldom be less than 8 to 10 feet, and it is fully as great the entire distance from here to the outlet, which could admit boats of some size at high tide.

During the extraordinary dry season of last year, which was the severest drought Señor Sanz, a former administrator of the friars, had ever witnessed in Mindoro, the Lumintao River had flow of about 2½ feet deep and 30 to 40 meters wide. The Bugsanga had still a larger flow. There are some six rivers in addition to these two which never dry up and would be useful for irrigation. (Several of these are branches of the larger rivers.)

A canal would irrigate the large tract of land west of the Romban River. This canal would draw its supply from the Lumintao River and would pass through the range of hills which form the left bank of the river 5 miles above Mangaran, requiring a cut of about 14 meters through a small saddle connecting the hills. At the point where the canal would draw its supply the river has an elevation of 30 meters above high tide. A log dam to divert the stream into the canal could be built at a small expense, there being an abundance of timber in the vicinity.

Soil.—The soil is very good and suitable locations and soils can be found for all classes of Philippine plants, especially for sugar cane, rice, and hemp. One of the best localities for cultivation is the land adjoining the Romban and Canial River systems. Other good locations may be found in the eastern part of the estate. Land north of the Lumintao could be used for planting sugar cane and rice. Portions of the divide between the Lumintao and Bugsanga River systems might be found suitable for cultivation.

Climate.—The rains practically end early in November, although there are some showers during that month. After that they cease almost entirely until May, during which month there are thunder showers at considerable intervals. The rains usually begin in earnest about the middle of June, although in some years they begin the first of June and others not until the end of July. There is, therefore, a well-marked dry season, which is nearly coincident with the dry season of Manila. When the rains begin they are quite heavy. It sometimes rains for a week or two at a time without stopping. Ordinarily, however, at comparatively frequent intervals, there are periods of two or three days during which it does not rain. During the month of August there is a "veranilla" (Indian summer). The southwest monsoon is practically contemporaneous with the rains.

Timber.—Good timber can be found both in and outside of the estate. Molava of superior and inferior quality and ipil can be obtained. The better classes of timber are to be found in the forest west of the divide.

Agricultural possibilities.—Cotton is found growing wild on the estate. At present, with the exception of a very small quantity of corn and "palay," nothing is planted.

Referring to his experiments with various crops on the estate, Señor Sanz, the former administrator, says that "palay" was planted and the crop was estimated at 100 for 1—i. e., 100 cavans of rice for every cavan of seed. He is of the opinion that if the rice were properly sown and cultivated this might be increased to 120. He obtained 220 heads from a single grain of rice in one instance. He had about 3 hectares under cultivation.

He says he had a garden near his house where he grew all sorts of vegetables, including fine potatoes and onions. From 1 picul of onions he obtained 11 piculs. He also grew lettuce and very fine tomatoes. All kinds of beans grew exceptionally well; also pease and very fine peppers. Muskmelons and watermelons produced so abundantly that a steamer load of watermelons were shipped to Manila.

Coffee was planted, and when he was taken away as a prisoner during the insurrection he says the trees were loaded with their first fruit—four years after planting. The trees were destroyed during the war, but there was never any disease among the bushes.

Lemons were grown successfully from seed brought from the Caroline Islands. The lemons were large, thin skinned, with few seeds, and had an abundance of juice. The trees produced heavily, and could be seen with flowers and fruit at the same time throughout the greater part of the year.

Oranges and grape fruit were also grown very successfully. The trees were large and loaded with fruit. The oranges were raised from seed brought from China. Trees were not introduced.

He says he has not tried abaca; but that cacao would be certain to grow, as it has done well in the neighboring town of Irion, and thinks it would grow on this estate with irrigation. Without irrigation it would be necessary to plant it where the soil is damp.

He planted some 50,000 coconuts. The nuts were germinated by clearing an extensive area in the forest where there was plenty of shade. The nuts were watered about once a week and kept in this place approximately a year before being transplanted, in order that the small trees might reach considerable size. They were planted in rows parallel with the beach, at a distance of 10 meters from each other in both directions. They were planted in 16 rows and protected with a wire fence on the interior, but no fence was put on the beach. Beginning at a Point Bojo, the rows extended to the River Bugsanga. Others were afterwards planted in San Agustin. The first

ones were destroyed by the insurrectos during the war. Some 50 of the 17,000 planted at San Agustin remain and have now produced beautiful trees. Sixteen thousand were planted in the vicinity of Mangarin. The trees grow extremely well. Up to the time Señor Sanz was made a prisoner by the insurrectos he says the trees were not attacked in the slightest by insects.

Maguey grows in four places. The one nearest the town is called Camillo; another is Lumintao; another place is Cajanti, near the River Bugsanga; and another on the other side of the River Lumintao, near the small river called Ayayos.

Tobacco plants put in cultivated ground as an experiment grow tall and with beautiful leaves.

Animal industries.—Two thousand three hundred and seventy-six head of cattle were bought from José Ladesma. Of these there were 842 cows ready for breeding. The increase for that year was 828. The second year the increase was 1,259. The third year the increase was 1,848. The fourth year the insurrection came and all except a few wild ones were carried off.

Large bulls were brought from Australia and Spain and put on the estate. They did well, and the difference in the calves was immediately noticeable. Cows from Australia and Spain were never tried. The weak and undersized females were disposed of and only the large ones were kept.

Señor Sanz says that at one time when in Agutaya he bought 150 cattle and 17 carabacs. They were small, wretched animals, owing to lack of feed and also to lack of water there. After bringing them to Mangarin the cows were bred to large bulls, and the animals produced were magnificent—among the best there were ever on the estate. The same thing happened with horses. Some horses were bought for ₱6 or ₱8 each, which were thin and almost worthless. They almost doubled in size on good pasturage with plenty of water. The horses bred here also did splendidly while merely on pasture. A pair of large black horses were brought from Manila to breed to the mares, and at the time of the insurrection there were some twenty pairs of splendid horses ready to break. The animals are pastured on cogon. When it is dry, another grass comes up which makes good pasture; but they are particularly fond of the fresh cogon, which springs up after the fields have been burned. The ground is very rich and the cogon grows very well in the dry season.

There is no doubt that for cattle raising few localities could be found better than this estate. It has an abundance of grass of good quality, and water can be found all over the estate. The mountains and hills, which extend almost completely around the estate, form a natural barricade.

Labor.—There is very little labor on the estate, and if any considerable number of laborers is required they can be brought from other islands.

Value of agriculture.—The agricultural possibilities of this tract of land are probably unequaled in the Philippine Islands under proper management and control. The climate, the soil, the topography of the land, and the fact that the friars obtained this concession from the Spanish government are proof sufficient to warrant the statement that there is no better tract of land for agricultural purposes in the Philippine Islands.

EXHIBIT H.

Index map, final plans, and parcels descriptions of the Santa Rosa estate, illustrating the amount of survey and office work done.

This map, with final plans and parcels descriptions, is not herewith reproduced. It was intended for contrast with the map of the San Jose friar estate in order to show the relative amounts of survey work necessary on the two estates, and the originals were transmitted with the original copy of this communication. Their reproduction at this time is not practicable.

Suffice it to say that all survey work done on the San Jose estate, of 56,212.05 acres, is shown on one sheet, while that done on the Santa Rosa estate, of only 13,231.45 acres, is shown on a map of 29 sheets, each of which is as large as the one showing all the work on the San Jose estate.

On the San Jose estate there are no lot descriptions; on the Santa Rosa estate there are descriptions of 2,978 lots which occupy 101 large blue-print sheets.

EXHIBIT I.

Sample parcel of the Lolomboy estate to illustrate irregularity of individual holdings.

[Transmitted with original letter, but its reproduction here impracticable.]

EXHIBIT J.

Letter from Mr. Horace L. Higgins, president of the Manila Railroad Co., containing information as to whether said company owns or is interested in any friar lands except those necessary for its right of way, stations and ballast pits, or owns or has any interest in any sugar mill.

FRIAR LANDS.

MANILA RAILROAD CO.,
Manila, August 26, 1910.

SIR: I have received from our New York office a copy of the text of a resolution which has been brought before Congress by Congressman Martin of Colorado, and reading as follows:

“Resolved, That the Secretary of War be, and he is hereby, directed to furnish the House of Representatives with information herewith requested:

“(a) Whether or not the Speyer Syndicate, of New York, or its successor, the Manila Railroad Company, has taken possession of some 200,000 acres of friar land on the island of Luzon, as indicated in the following statement of the director of lands of the Philippine Islands, etc.”

It may interest you to know that this company has neither purchased nor acquired an interest, either direct or indirect, in any of the friar lands of the Government, except a strip for “right of way” 30 meters wide across the Muntinlupa, Binyan, Santa Rosa, Calamba, Santa Cruz de Malabon, San Francisco de Malabon, and Naic estates, and such small additional areas on said estates necessary for station yards, ballast pits, and other legitimate railroad purposes, as shown on the location plans presented and duly approved by proper authority.

In further reference to statement made by Congressman Martin, I may say that this company has no interest, direct or indirect, in any sugar mill, either on friar lands or other lands in these islands.

Very respectfully,

HORACE L. HIGGINS,
President.

HON. DEAN C. WORCESTER,
Secretary of the Interior, Manila.

EXHIBIT K.

Spanish text of news item in La Vanguardia of June 14, 1910, relative to the so-called "mass meeting" of "the Filipinos" to protest against sales of friar lands to trusts.

CONTRA EL PULPO VORAZ—EFECTO EN EL CONGRESO.

El mensaje ó telegrama de adhesión enviado por los ciudadanos filipinos que acudieron al meeting popular organizado por los estudiantes de Derecho, en esta Capital, ha producido sus naturales efectos en el Congreso de los Estados Unidos, á juzgar por el siguiente despacho cablegráfico del Cablenews:

“WASHINGTON, Junio 13.

“El telegrama enviado por los organizadores del meeting monstruo que se celebró en Manila protestando contra la venta de las haciendas de los frailes á los trusts, ha producido gran excitación en el Congreso. El mensaje fué leído por el Congresista Martin y produjo una impresión de gran efecto. Ha sido objeto de muchos comentarios por parte de los Representantes, y la prensa radical se ha ocupado extensamente del asunto.”

El telegrama enviado á América por el Comité Ejecutivo compuesto de los Sres. Quintín Salas, Nicanor Gregorius, Ciriaco Kangleón, Vicente Jiménez, Rosendo Llamas, Emigdio Achacoso y Antonio Clímaco, todos estudiantes de Derecho, está concebido en los siguientes términos:

“Representative MARTIN, Washington:

“Meeting popular adhiérese campaña contra venta haciendas.

“Resolución correo.

“COMMITTEE.”

Los estudiantes nos dicen además que han contribuido á los gastos, además de las personas mencionadas ya en anteriores listas, las que siguen: Un amigo D, ₱0.50; La Vanguardia, ₱5; Venancio Cudilla, ₱2; Lucio Villareal, ₱0.50; La Democracia, ₱5; Partido Nacional Progresista, ₱15; Varios ligueros, ₱7. Total, ₱35.

EXHIBIT L.

Spanish text of news item in La Democracia of June 14, 1910, relative to the so-called "mass meeting" of "the Filipinos" to protest against sales of friar lands to trusts.

LOS TERRENOS DE LOS FRAILES—LOS QUE PROTESTAN CONTRA SU VENTA SIGUEN EN SU LABOR Y YA HAN HECHO OIR SU VOZ EN EL MISMO CONGRESO AMERICANO.

Los jóvenes filipinos que, capitaneados por los estudiantes de Derecho de esta Capital, han venido emprendiendo una campaña vigorosa en contra de la venta á los *trusts* de los terrenos de los frailes y de otros terrenos que son de la propiedad del Estado, siguen en su labor meritísima y altamente patriótica, sin importarles nada la indiferencia de los unos, ni las palabras desalentadoras que á sus oídos pronuncian espíritus convencionalistas. Y con los pocos fondos que han conseguido reunir de entre ellos mismos y de entre las entidades filipinas que se han prestado á secundarlos en sus generosos esfuerzos han enviado al Congresista Martin el siguiente lacónico, pero expresivo cablegrama:

“Representante MARTIN, *Washington*.

“Meeting popular adhiérese campaña venta haciendas. Resolución correo.

“COMITE.”

Este despacho ha llegado á su destino y la persona á quien ha sido dirigido lo ha hecho público no en el seno de sus amigos, sino en el seno mismo del Congreso de que es actualmente miembro.

El efecto producido por su lectura ha sido sensacional. Así lo asegura otro cablegrama recibido por un periódico americano de la localidad, el *Cablenews-American*, el cual dice lo siguiente:

“WASHINGTON, *Junio 13*.

“El cablegrama enviado por un meeting popular al Congresista Martin, de Colorado, ha producido grande sensación en el Congreso. El Mensaje ha sido leído hoy en la Cámara por el Congresista Martin y su lectura ha impresionado, siendo ahora objeto de muchos comentarios entre los miembros de la misma Cámara. Los periódicos antigubernamentales se ocupan mucho del mismo.”

La recaudación de fondos continúa, y á la anterior lista de personas y entidades que se ofrecieron á suscribir con alguna suma para el éxito de los trabajos que se vienen haciendo hay que añadir la siguiente: Un desconocido, ₱0.50; La Vanguardia, ₱5; Venancio Cudilla, ₱2; Lucio Villareal, ₱0.50; La Democracia, ₱5; Partido Nacional Progresista, ₱15; Varios ligueros, ₱7.

EXHIBIT M.

Opinion of the attorney general as to what lands of the so-called friar estates are now to be considered as "vacant lands," and therefore requiring the publication of "bandillos," as provided by section 3 of Act No. 1933, before such lands may be legally sold or leased by the director of lands, illustrating the fact that all occupants of friar lands have been considered as having a preferential right to purchase their holdings.

BUREAU OF JUSTICE,
OFFICE OF THE ATTORNEY GENERAL,

Manila, June 15, 1909.

SIR: I have the honor, in response to your letter of May 25, 1909, to submit an opinion upon the following question:

What lands of the so-called friar estates are now to be considered as being "vacant lands," and therefore requiring the publication of "bandillos," as provided by section 3 of Act No. 1933, before such lands may be legally sold or leased by the director of lands?

The second paragraph of section 11 of Act No. 1120, was added to said section by Act No. 1847 and was amended by section 3 of Act No. 1933 to read as follows:

"In case of lease of vacant lands, as well as in case of sale of same under the provisions of section nine of this act, the director of lands shall notify the municipal president or municipal presidents of the municipality or municipalities in which said lands lie before the same takes place. Upon receipt of such notification by said municipal president or municipal presidents the latter shall publish the same for three consecutive days, by *bandillos*, in the *población* and barrio or barrios affected, and shall certify all these acts to the director of lands who shall then, and not before, proceed to execute the contract of lease or to make the said sale with preference, other conditions being equal, to the purchaser who has been a tenant or bona fide occupant at any time of the said lands or part thereof, and if there has been more than one occupant to the last tenant or occupant: *Provided, however, That no contract for the lease of and no sale of vacant lands made in accordance with this section shall be valid nor of any effect without the requisite as to publication by bandillos, above provided.*"

Said Act No. 1933 was passed by the legislature on May 20, 1909, and was enacted to take effect on its passage.

It would seem to be clear that the said amendment refers to lands which were vacant at the time of the passage of said act No. 1933, and does not refer to all lands which were vacant upon the date of the purchase of the friar lands by the govern-

ment, some of which have since been leased by the government to certain tenants not included under the heading of "actual and bona fide occupants."

The term "vacant lands" as used in said act can only mean lands that are unoccupied and lying idle without being leased under the provisions of the friar-lands act. When it is proposed to sell or lease any portion of such unoccupied lands, it will be necessary for the director of lands to notify the municipal president, who will cause *bandillos* to be published for three days in the *población* and the barrio or barrios affected, and when the municipal president shall certify such fact to the director of lands the latter shall proceed to sell or lease said land, as the case may be, giving preference to a former occupant of said land, if there be one, and, if there has been more than one occupant, to the last tenant or occupant.

The said act No. 1933 can not in any way affect or invalidate the contracts of lease or the sales of such lands made since the purchase thereof by the government and before the passage of said amendment, but can only apply to leases and sales made after its passage.

It follows, therefore, that all lands which were vacant at the time of the passage of said act, or which later become vacant by surrender of leases, or otherwise, are subject to the provisions of said amendatory act.

Very respectfully,

GEO. R. HARVEY, *Solicitor General*.

DIRECTOR OF LANDS, *Manila*.

Approved:

IGNACIO VILLAMOR, *Attorney General*.

EXHIBIT N.

Rents schedules effective from beginning of lease year 1908-9 on various friar estates.

BIÑAN ESTATE.		CALAMBA ESTATE—continued.	
Urban lots:	Rate per are.	Unirrigated—Continued.	Rate per H.
First.....	P1. 00	Third.....	P4. 00
Second.....	. 50	Fourth.....	2. 00
Third.....	. 25	Fifth.....	1. 00
Rural lots:		Beach lands:	
First.....	. 20	First.....	2. 00
Second.....	. 10	Second.....	1. 00
Irrigated:	Rate per H.	Minimum charge, P2.	
First.....	12. 00		
Second.....	10. 00		
Third.....	8. 00		
Unirrigated:			
First.....	8. 00		
Second.....	6. 00		
Third.....	4. 00		
Fourth.....	2. 00		
Fifth.....	1. 00		
Beach lands:			
First.....	2. 00		
Second.....	1. 00		
Minimum charge, P2.			
CALAMBA ESTATE.		IMUS ESTATE.	
Urban lots:	Rate per are.	Urban lots:	Rate per are.
First.....	P1. 00	First.....	P1. 00
Second.....	. 50	Second.....	. 50
Third.....	. 25	Third.....	. 25
Rural lots:		Rural lots:	
First.....	. 50	First.....	. 20
Second.....	. 20	Second.....	. 10
Irrigated:	Rate per H.	Irrigated:	Rate per H.
First.....	12. 00	First.....	12. 00
Second.....	10. 00	Second.....	10. 00
Third.....	8. 00	Third.....	8. 00
Unirrigated:		Unirrigated:	
First.....	8. 00	First.....	8. 00
Second.....	6. 00	Second.....	6. 00
Third.....	4. 00	Third.....	4. 00
Fourth.....	2. 00	Fourth.....	2. 00
Fifth.....	1. 00	Fifth.....	1. 00
Fisheries:		Fisheries:	
First.....	20. 00	First.....	20. 00
Second.....	10. 00	Second.....	10. 00
Salt beds:		Salt beds:	
First.....	20. 00	First.....	20. 00
Second.....	10. 00	Second.....	10. 00
Beach lands:		Beach lands:	
First.....	2. 00	First.....	2. 00
Second.....	1. 00	Second.....	1. 00
Minimum charge, P2.		Minimum charge, P2.	

LOLOMBOY ESTATE.

No urban lots.	
Rural lots:	Rate per are.
First.....	P0.20
Second.....	.10
Irrigated:	Rate per H.
First.....	12.00
Second.....	10.00
Third.....	8.00
Unirrigated:	
First.....	8.00
Second.....	6.00
Third.....	4.00
Fourth.....	2.00
Fifth.....	1.00
Fisheries:	
First.....	20.00
Second.....	10.00
Minimum charge, P2.	

MUNTINLUPA ESTATE.

(No urban lots.)	
Rural lots:	Rate per are.
First.....	P0.20
Second.....	.10
(No irrigated.)	
Unirrigated:	Rate per H.
First.....	8.00
Second.....	6.00
Third.....	4.00
Fourth.....	2.00
Fifth.....	1.00
Minimum charge, P2.	

NAIC ESTATE.

Urban lots:	Rate per are.
First.....	P1.00
Second.....	.40
Third.....	.25
Rural lots:	
First.....	.20
Second.....	.10
Irrigated:	Rate per H.
First.....	12.00
Second.....	10.00
Third.....	8.00
Unirrigated:	
First.....	8.00
Second.....	6.00
Third.....	4.00
Fourth.....	2.00
Fifth.....	1.00

NAIC ESTATE—continued.

Fisheries:	Rate per H.
First.....	P20.00
Second.....	10.00
Salt beds:	
First.....	20.00
Second.....	10.00
Beach lands:	
First.....	2.00
Second.....	1.00
Minimum charge, P2.	

PIEDAD ESTATE.

(No urban lots.)	
Rural lots:	Rate per are.
First.....	P0.20
Second.....	.10
(No irrigated.)	
Unirrigated:	Rate per H.
First.....	9.00
Second.....	7.00
Third.....	5.00
Fourth.....	2.00
Fifth.....	1.00
Minimum charge, P2.	

SAN FRANCISCO DE MALABON ESTATE.

Urban lots:	Rate per are.
First.....	P1.00
Second.....	.50
Third.....	.25
Rural lots:	
First.....	.20
Second.....	.10
Irrigated:	Rate per H.
First.....	12.00
Second.....	10.00
Third.....	8.00
Unirrigated:	
First.....	8.00
Second.....	6.00
Third.....	4.00
Fourth.....	2.00
Fifth.....	1.00
Fisheries:	
First.....	20.00
Second.....	10.00
Salt beds:	
First.....	20.00
Second.....	10.00
Beach lands:	
First.....	2.00
Second.....	1.00
Minimum charge, P2.	

SANTA CRUZ DE MALABON.	
Urban lots:	per are. Rate
First.....	P. 60
Second.....	. 30
Rural lots:	
First.....	. 20
Second.....	. 10
Irrigated:	Rate per H.
First.....	12. 00
Second.....	10. 00
Third.....	8. 00
Unirrigated:	
First.....	8. 00
Second.....	6. 00
Third.....	4. 00
Fourth.....	2. 00
Fifth.....	1. 00
Fisheries:	
First.....	20. 00
Second.....	10. 00
Salt beds:	
First.....	20. 00
Second.....	10. 00
Beach lands:	
First.....	2. 00
Second.....	1. 00
Minimum charge, P2.	

SANTA MARIA DE PANDI ESTATE.	
Urban lots:	Rate per are.
First.....	P. 60
Second.....	. 30
Rural lots:	
First.....	. 20
Second.....	. 10
Irrigated:	Rate per H.
First.....	8. 00
Second.....	6. 00
Unirrigated:	
First.....	10. 00
Second.....	8. 00

SANTA MARIA DE PANDI ESTATE—CONT.	
Unirrigated—Continued.	Rate per H.
Third.....	P. 6. 00
Third.....	6. 00
Fourth.....	4. 00
Fifth.....	1. 00
Fisheries:	
First.....	20. 00
Second.....	10. 00
Minimum charge, P2.	

TALA ESTATE.	
(No urban lots.)	
Rural lots:	Rate per are.
First.....	P. 20
Second.....	. 10
(No irrigated.)	
Unirrigated:	Rate per H.
First.....	9. 00
Second.....	7. 00
Third.....	5. 00
Fourth.....	2. 00
Fifth.....	1. 00
Minimum charge, P2.	

TALISAY-MINGLANILLA.	
Urban lots:	Rate per are.
First.....	P. 1. 00
Second.....	. 50
Third.....	. 25
Rural lots:	
First.....	. 20
Second.....	. 10
Irrigated:	Rate per H.
First.....	12. 00
Second.....	10. 00
Third.....	8. 00
Unirrigated:	
First.....	8. 00
Second.....	6. 00
Third.....	4. 00
Fourth.....	2. 00
Fifth.....	1. 00
Minimum charge, P2.	

NOTE.—Above rates apply to temporary leases only. Estates on sale at date above schedules became effective, with the exception of Banilad, have only three-year leases, and upon all estates sold annual rental is 5 per cent per annum of the appraised value of the lands.

No new rates went into effect for Isabela, Malinta, Muntinlupa, and Santa Rosa, on account of the pending sale of these estates. Rates as established for San Francisco de Malabon and Lolomboy did not become effective by reason of the continuation of old temporary leases, pending their withdrawal for cancellation on account of sale.

EXHIBIT O.

Table showing, in acres, the area included within the boundaries of each of the friar lands estates; also the cost and the cost per acre.

Estates.	Area purchased, in acres.	Purchase price. ¹	Flat rate per acre. ¹
Banilad.....	4,812.50	\$105,999.76	\$22.03
Binagbag.....	736.88	17,936.38	24.34
Binan.....	9,147.50	300,791.59	32.88
Calamba.....	34,182.50	692,721.65	20.27
Dampol.....	2,322.33	75,323.78	32.43
Guiguinto.....	2,364.21	77,783.94	32.90
Imus.....	45,607.50	1,036,012.15	22.72
Isabela.....	49,727.50	159,858.01	3.21
Lolomboy.....	12,943.73	486,620.60	37.60
Malinta.....	8,935.00	220,210.66	24.65
Matamo.....	29.50	841.09	28.51
Muntinlupa.....	7,067.50	43,838.53	6.20
Nalc.....	19,060.00	491,355.77	25.78
Orion.....	2,290.00	49,025.16	21.41
Piedad.....	9,650.00	165,171.72	17.12
San Francisco de Malabon.....	28,622.50	534,937.41	18.69
San Jose.....	58,165.00	298,782.07	5.14
San Marcos.....	218.55	6,162.39	28.20
Santa Cruz de Malabon.....	24,487.50	518,706.22	21.18
Santa Maria de Pandi.....	25,855.00	527,318.65	20.40
Santa Rosa.....	13,675.00	455,117.36	33.28
Tala.....	16,740.00	112,054.33	6.69
Talisay-Minglanilla.....	20,050.00	553,893.48	27.63
Total.....	396,690.20	6,930,462.70	.....

¹ United States currency.

EXHIBITS P TO Y.

The following exhibits, copies of which were transmitted with the original letter, are not reproduced here for the reason that they are already printed as public documents, and may be had upon application:

P. Primer containing questions and answers on the public-land laws in force in the Philippine Islands (English edition).

Q. Primer containing questions and answers on the public-land laws in force in the Philippine Islands (Spanish edition).

R. Primer containing questions and answers on the public-land laws in force in the Philippine Islands (Tagalog edition).

S. Free patent circular (Spanish-English edition).

T. Free patent circular (English-Tagalog edition).

U. Free patent circular (Cebuano-Spanish-English edition).

V. Free patent circular (Panayano-English edition).

W. Free patent circular (Ilocano-English edition).

X. Free patent circular (Pampanga-English edition).

Y. Free patent circular (Bicol-English edition).

EXHIBIT Z.

Circular letter from the director of lands to all provincial treasurers requesting them to keep supplied with free patent circulars.

MANILA, July 23, 1908.

To all provincial treasurers:

As Chapter IV of the public land act, relating to free patents, will expire on the 31st day of December of the present year, it is desired that you keep on hand at all times a supply of blank forms of application in order that those persons who desire to avail themselves of this provision may do so without delay.

If you have none of these forms at this time it is requested that you make requisition on this bureau for as many as you think you may be able to use; also make requisition for a supply of free-patent circulars if you have none in your office. These circulars are printed in several dialects, and circulars in the dialect of your province will be sent to you upon request.

C. H. SLEEPER, *Director of Lands.*

Certified copy:

C. H. SLEEPER.

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EXHIBIT AA.

Sample of a letter sent out by the director of lands to all provincial treasurers, requesting them to supply the various municipal treasurers in their provinces with the circulars containing questions and answers on the public land act.

MANILA, November 6, 1909.

To all provincial treasurers:

There were forwarded to you a short time ago a supply of Tagalog circulars containing questions and answers on the public land act.

It is requested that the various municipal treasurers of your province be furnished with a supply of same for distribution to interested parties.

Very respectfully,

C. H. SLEEPER, *Director of Lands.*

Certified copy:

C. H. SLEEPER.

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EXHIBIT Bb.

Sample of the leases entered into with Mr. A. F. Thayer.

B. L. FORM No. 26 (A).

TEMPORARY LEASE No. 2172.	Name, <i>Thayer, A. F.</i>			Barrio, <i>Nueva St., 436, Malate, Manila.</i>		
	Lot		Sheet	Section		<i>Calamba Estate.</i>
	Area, <i>406 H. 11 A. 20 C.</i>			Class, <i>Unirrigated.</i>		Percentage,
	Rental, <i>P487.33 Payable September 1, 1910.</i>					
	Effective from <i>April 1, 1910 to September 30, 1910.</i>					
	Lease	Parcel	Credits,	-	-	P
	Lease	Parcel	Credits,	-	-	P
	Lease	Parcel	Credits,	-	-	P
	Lease	Parcel	Credits,	-	-	P
	Lease	Parcel	Credits,	-	-	P
Lease	Parcel	Credits,	-	-	P	
Lease	Parcel	Credits,	-	-	P	
Lease	Parcel	Credits,	-	-	P	
		Total Credits,	-	-	P	

DEPARTMENT OF THE INTERIOR.
DEPARTAMENTO DE LO INTERIOR.

BUREAU OF LANDS.
OFICINA DE TERRENOS.

FRIAR LANDS DIVISION.
DIVISIÓN DE LOS TERRENOS DE LOS FRAILES.

CALAMBA ESTATE,
Hacienda,
Laguna Province.
Provincia,

TEMPORARY LEASE No. 2172.
Arrendamiento provisional No.

This indenture, made in duplicate, this 2d day of April, 1910, between C. H. Sleeper,
Esta escritura hecha por duplicado, hoy día de entre C. H. Sleeper,
Director of Lands, acting for and on behalf of the Government of the Philippine
Director de Terrenos, en nombre del Gobierno de las Islas
Islands, as authorized by the provisions of the Friar Lands Act No. 1120, as Lessor;
Filipinas, según autorizan las disposiciones de la Ley de los Terrenos de los Frailes, No. 1120, como Arrend
and A. F. Thayer, a resident of the Municipality of Manila, Province of Manila, as
dor; y residente del Municipio de Provincia de como

Lessee:
Arrendatario:

Witnesseth, that said Lessor, for and in consideration of the rents, covenants, and
Hace constar, que dicho Arrendador, en consideración de las rentas, pactos y
conditions hereinafter stated, and hereby agreed to be paid, observed, and performed
condiciones más adelante expresados, y que por la presente conviene pagar, observar y cumplir

by said Lessee, does hereby lease, let, and demise unto the said Lessee that certain
 dicho Arrendatario, arrienda, cede y traspasa á dicho Arrendatario

tract or parcel of land, situate in the municipality of *Calamba*, Province of *Laguna*,
 la parcela de terreno situada en el municipio de Provincia de

known and designated as Lot No.

conocida y designada como Lote No.

	Lots Nos.	Sheet No.	Section No.
TEM. LEASE No. 2172.	1997	59-58	10-11-12-2-3
	1999	59	5-6-7-9-10-11
	2000	55-59	1-5-9-4-7-8-11
	2776	59	1-2-5-6
	2777	59-60	3-8-7-8
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of said estate, and containing an area of 406 H. 11 A. 20 C., in accordance
 de dicha Hacienda, y que contiene un área de de acuerdo

with the official maps and records of technical descriptions of surveys and
 con las mapas oficiales y registros de las descripciones técnicas de las mediciones y

boundaries of said lot, which are on record in the office of the Lessor in the Bureau
 límites de dicha parcela, que obran en la oficina del Arrendador en la Oficina

of Lands at Manila.

de Terrenos en Manila.

To have and to hold the above-described lot, with the appurtenances thereunto

Para que tenga y posea la parcela arriba descrita, con todas las pertenencias que de

of right belonging, unto said Lessee, for a term of *six months*, dating from the
 derecho le corresponda, dicho Arrendatario, por un término de desde el

first day of *April*, 1910, until the last day of *September*, 1910.

día 1.º de hasta el último día de

In consideration whereof, and recognizing said lot as the property of the

En consideración á lo cual, y reconociendo dicho lote como propiedad del Gobierno de las

Government of the Philippine Islands, said Lessee hereby agrees to pay annually
 Islas Filipinas, dicho Arrendatario se compromete por la presente á pagar anualmente

as rental therefor, to said Lessor, or his duly authorized representative, at such
 como renta del mismo, á dicho Arrendador, ó á su representante debidamente autorizado, en el

place as said Lessor may designate, the sum of *four hundred eighty-seven pesos*
 lugar que el reptido Arrendador designe, la cantidad de

and *thirty-three centavos* (P487.33), in *one* equal installments, on or before the
 en plazos iguales, el día 1.º

first day of *September*, during the term of this lease: *Provided, however, That*
 de ó antes, mientras dure este arrendamiento: Entendiéndose, sin embargo,

if said Lessee so elects, the total annual rental may be paid on or before the
 Que si dicho Arrendatario lo eligiese, toda la renta anual puede ser pagada en la

date first stated, during each year of said term: *And provided further, That*
 fecha primero mencionada, ó antes, durante cada año de dicho término; y entendiéndose,

upon default of said Lessee in the payment of any such first installment of *además que al dejar dicho Arrendatario de pagar cualquiera de dichos primeros plazos de* rental as aforesaid, the total annual rental shall thereupon become due and *renta como queda dicho, toda la renta anual vencerá y será pagadera acto seguido.* payable.

In further consideration, and as an essential condition of this lease, said *En consideración además, y como condición esencial de este arrendamiento, dicho* Lessee does hereby waive and renounce his right; under the provisions of *Arrendatario renuncia por la presente su derecho con arreglo á las disposiciones del* Section 80 of the Code of Civil Procedure, to notice or demand for payment of *artículo 80 del Código de Procedimiento Civil de ser notificado ó demandado para el pago de* rentals due, likewise waiving and renouncing any right which he might have *las rentas debidas, renunciando de igual modo cualquier derecho que pudiera tener* under the provisions of Article 1575 of the Civil Code to a reduction of rental *por virtud de las disposiciones del artículo 1575 del Código Civil á una reducción de la renta* on account of loss or damage suffered by reason of any and all extraordinary *por razón de pérdida ó daños sufridos por causa de casos fortuitos extraordinarios* or unforeseen fortuitous events. Said Lessee agrees that he shall not sublet *ó imprevistos. Dicho Arrendatario se compromete á no subarrendar* or sublease said lot, or any part or parts thereof, nor shall he transfer or *el referido lote ni ninguna parte del mismo, á no transferir* assign this lease, without first having secured the written consent of said *este arrendamiento sin obtener previamente el consentimiento por escrito del* Lessor, and that he shall not commit any waste nor permit any trespass, *Arrendador, y á no cometer ningún destrozo ni permitir ninguna invasión.* upon said lot, but that he shall report immediately to said Lessor any trespass *de dicho lote, y á dar cuenta inmediatamente al Arrendador de cualquier invasión* or attempted trespass thereon, or any action of any person or persons upon *ó tentativa de invasión del mismo y de cualquier acto de cualesquier personas* any adjacent property, which might result in injury or damage to said lot. *en propiedad adyacente que pueda dar por resultado el daño ó perjuicio de dicho lote.*

Said Lessee further agrees that upon the expiration of the term hereinabove stated, *Dicho Arrendatario conviene además, que á la expiración del plazo antes designado, ó al faltar dicho* or upon the default of said Lessee in the performance of any of the conditions hereof, *Arrendatario al cumplimiento de cualquiera de las condiciones de este contrato, el referido Arrendador* said Lessor may terminate this lease; and that upon its termination for such defaults, *podrá dar por terminado este arrendamiento; y que á la terminación de este por dicha falta, el repetido* said Lessee shall vacate said lot immediately: *Provided, however, That any sum or* *Arrendatario dejará inmediatamente desocupado dicho lote: Entendiéndose, sin embargo, Que cualesquier* sums of money due by said Lessee to the Government of the Philippine Islands, for *cantidades de dinero que dicho Arrendatario deba al Gobierno de las Islas Filipinas por concepto de rentas* rental accruing upon this lease, or for damages arising from any breach of the condi- *de dicho arrendamiento, ó por daños provenientes de cualquier infracción de las condiciones de este con-* tions hereof, shall be at all times a valid first lien upon all buildings, fixtures, and other *trato, sera siempre un primer gravamen válido sobre todos los edificios, instalaciones y demás propiedad* property belonging to said Lessee and situated upon said lot, and if, upon the termination *perteneciente al repetido Arrendatario que estén situados en dicho lote, y si, á la terminación de este arrenda-* of this lease on account of such default of said Lessee, as aforesaid, there remains due *miento por razón de dicha falta del mencionado Arrendatario, como queda dicho, restan cualesquier sumas* to said Government of the Philippine Islands any sum or sums of money, whether *de dinero debidas á dicho Gobierno de las Islas Filipinas, sea por concepto de renta ó por otro concepto, como*

for rental or otherwise, as aforesaid, said Lessee shall not remove said property from
 queda expresado, dicho Arrendatario no retirará la mencionada propiedad del repetido lote sin haber previa-
 said lot without first having satisfied such indebtedness, or without first having secured
 mente satisfecho semejante deuda, ó sin haber obtenido previamente el consentimiento por escrito del repe-
 the written consent of said Lessor to so remove said property: *And provided further,*
 tido Arrendador para retirarla: *Y entendiéndose además,* Que si dicha propiedad no ha sido retirada de dicho
 That if such property has not been removed from said lot at the expiration of thirty
 lote á la expiración de treinta días desde la fecha de la terminación del contrato por incumplimiento, se
 days from the date of said termination for default, then it shall be considered that said
 considerará que el mencionado Arrendatario ha abandonado todo derecho, título é interés sobre la propie-
 lessee has relinquished and abandoned all right, title, and interest in and to said prop-
 dad repetida, y al Arrendador podrá entrar en dicho lote y tomar posesión del mismo, así como de la men-
 erty, and said lessor may enter upon said lot and take possession thereof, and likewise
 clonada propiedad por derecho de accesión.

of said property, by right of accession.

In testimony whereof said parties have hereunto set their hands.

En testimonio de lo cual, las referidas partes lo firman de su puño y letra.

C. H. SLEEPER,
Director of Lands.
Director de Terrenos.
 A. F. THAYER.

Signed by the lessee in the presence of—

Firmado por el Arrendatario en presencia de

RAFAEL PABALAN.

CORNELIO SANTIAGO.

Approved:

Aprobado:

DEAN C. WORCESTER,
Secretary of the Interior.
Secretario de lo Interior.

A true copy:

C. H. SLEEPER, *Director of Lands.*
Director de Terrenos.

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**REPORT BY FRANK W. CARPENTER,
EXECUTIVE SECRETARY.**

REPORT BY FRANK W. CARPENTER, EXECUTIVE SECRETARY.

THE GOVERNMENT OF THE PHILIPPINE ISLANDS,
EXECUTIVE BUREAU,
Manila, August 8, 1910.

SIR: As of official interest to the Government and of official and personal concern to myself, I have the honor to submit the following statement for your information and such action as you may deem proper:

On June 14 last, while on vacation at Omaha, Nebr., my attention was called to what purported to be a telegraphic news item from Washington, published in the Omaha World-Herald of that date, to the effect that a resolution had been introduced in Congress by Representative Martin, of Colorado, demanding an investigation of the reported lease and purchase of "friar lands" by L. C. Worcester and myself, and "charging malfeasance in office." I proceeded at once to Washington and reported in person upon arrival to Col. Frank McIntyre, United States Army, acting chief of the Bureau of Insular Affairs. I requested that, if possible, investigation, or at least a hearing be given me before the adjournment of Congress and the expiration of my leave of absence, with the consequent necessity of embarking upon the long return journey to Manila. My presence in Washington and the reason therefor were reported by Col. McIntyre (see inclosed copies of his letters dated June 15 and June 17, 1910, marked "A" and "B," respectively) to the chairman of the House Committee on Insular Affairs, who kindly permitted me to appear before him, make a statement of my transactions with the Government in regard to the lands in question so far as I am personally concerned—there being no connection whatever between L. C. Worcester and myself, not even personal acquaintance—and questioned me on the important points of my contract with the Government. Mr. Olmsted, chairman of the committee, also kindly undertook to arrange for me to appear before the committee, but found it impracticable because of the few days remaining before the adjournment of Congress. He advised me to return to Manila according to my transportation arrangements, as previously made, and upon my arrival here, where I could have access to official and private records, which I had not taken with me to the United States, to prepare and forward to him a written statement covering the entire matter. Hav-

ing arrived in Manila the 24th ultimo, I desire to proceed with the least practicable delay to comply with those instructions, and in doing so wish to include, if possible, with my statement information of the definite final action taken by the Government in the matter of my "friar-land" transactions with it.

Stated as concisely as may be, the facts, including my motives, in the matter of my transactions with the government in the lease and purchase of "friar lands" are as follows, all well known to practically everyone at Manila in and outside of Philippine government service who is interested in the course of "friar-land" affairs and to a multitude who are not:

I am not, have not been, do not anticipate being, nor have I ever sought or received any proposition to be the agent or associate of any corporation, syndicate, or individual capitalist—American, Filipino, or foreigner.

MOTIVES WHICH OCCASIONED TRANSACTIONS.

The investment in the United States of such savings as I have been able to make from my salary has been of doubtful wisdom because of the impossibility of giving personal attention from this great distance, and difficult because the amounts available have been and are of course small. From these circumstances naturally arose a desire on my part to find, if possible, some safe and advantageous investment here in the Philippines which in no way could interfere with my official duties, and if it did not give me great pecuniary gain might at least be reasonably secure from loss of the capital I should invest, give me a healthful and pleasant diversion on holidays and a means of livelihood when age or ill health might incapacitate me for office work. Having some practical knowledge and a keen liking for agriculture, I felt most inclined to seek my objectives by means of the purchase of land on terms which would permit me as far as possible to use my salary savings for the purchase of cattle and implements and for the other expenses of cultivation and pay for the land from the proceeds of the sale of the crops.

Search for land available to meet my purposes was restricted to such as I could acquire on small annual payments and to localities easily accessible from Manila. No public lands lie within this district so far as I am aware, neither could I find within a reasonable distance of this city private land which I could secure on terms within my reach. I found, however, two "friar-lands" estates—Piedad and Tala—which met the requirement as to accessibility from Manila and comprised much vacant land available for lease. Of these two estates, which adjoin each other, the lower priced was the more distant, and apparently in every other respect less valuable, Tala estate. This I visited

in the latter part of 1907 for the purpose of selecting a tract suitable for my purposes. I found the estate practically unoccupied by tenants except in places suitable for rice growing and to be in great part overgrown with jungle and broken by ravines and gravel or rock outcroppings. I selected tentatively the tract of land—100 hectares—which I proposed to lease, it being vacant and never occupied within the memory of the oldest inhabitants except in the days of friar ownership as a cattle range by a Spaniard who had withdrawn at the outbreak of the revolution of 1896 and never returned. This tract, as also all other land controlled by me on the estate under the contract which has caused criticism in Congress, was without improvements and, indeed, in greatest part without evidence of ever having been cultivated. A week or two later the director of the bureau of lands accompanied me to the Tala estate for the purpose of locating definitely the parcel of land I wished to lease. At his request I also rode with him over the unoccupied portion of the estate which he wished to inspect and a natural subject of conversation was the problem confronting the government and particularly the bureau of lands of disposing of the 10,000 or 12,000 acres of vacant lands which had never been cultivated and in great part never occupied by tenants, or, if it had been, from which the tenants had disappeared during the war or located permanently elsewhere and would not return. The tenants who remained, or had returned to the estate since the reestablishment of peace conditions, had taken up their old holdings and other previously cultivated tracts, which naturally include the most fertile and practically the only areas suitable for rice and other customary crops—in many instances this meant cutting out a parcel of 1 to 5 hectares and leaving perhaps a hundred times as much high, broken, and practically sterile adjacent land vacant and obviously undesirable—practically valueless. The availability of great areas of fertile *public* lands for entry or purchase at lower rates than the cost of the “friar lands” to the government, and having only the disadvantage of greater distance from Manila, seemed to render improbable the sale of the vacant lands on these estates within the bond period, then less than 25 years. In our conversation I remarked that were I the director of lands and naturally ambitious to accomplish the sale of the estates for as great an aggregate sum as the government had invested in them, I would take active steps to bring the vacant lands under cultivation as soon as possible in order to check the increase of wild growth which was rendering the property less easy to sell and indeed less valuable; and if the vacant lands were in a fair state of cultivation purchasers could certainly be found for them, as all well-informed persons know that in the Philippines with the ordinary means of field work at least three years’ cultivation is required to put new lands, or those which have

long lain fallow, in condition to produce a fair crop. Upon my further statement that were the problem mine, and failing to secure tenants, I would endeavor to obtain authority to employ labor and clear and cultivate the land, not as a private measure, but as an incident of administration, the director expressed grave doubt as to the practicability of such an undertaking on land of the quality of that we were inspecting. I disagreed with him, although acknowledging as correct his judgment regarding soil conditions, and terminated the discussion by offering to undertake as a private venture to bring the land under cultivation if an equitable agreement could be reached as to annual rental and other details of the contract under which I would operate, the option of purchase at the total cost of the land to the government to be granted me and the betterments of the land resulting from my work of course going to the estate (government) with the return of the lands in the event of my failure to exercise the purchase privilege upon the termination of the leases which, under the law, could not be for a longer period than three years. I insisted at the time, and repeatedly thereafter, that I must not be put in the position of receiving more favorable consideration than did native tenants, and to the best of my information there has been no deviation from this policy. There certainly has never occurred within my knowledge any evidence of dissatisfaction on the part of my fellow-tenants on Tala estate with the terms of my contract as compared with their own, nor with my presence on the estate as a fellow-tenant. They considered valueless the lands controlled by me, and unduly burdensome the requirement of my contract that I cultivate a large and increasing area each year, whereas they cultivate their holdings or not as their convenience may be.

STEPS TAKEN TO ASCERTAIN OFFICIAL AND POPULAR OPINION REGARDING PROPRIETY OF PROPOSED TRANSACTION.

Before taking any decisive steps toward becoming a lessee or purchaser of "friar lands," I consulted with representative Americans and Filipinos of all classes, including those most ardent in adverse criticism of the Government. Comment was uniformly and distinctly favorable as to the propriety of my proposed course. The opinion of American and Filipino officials coincided fully with that of private persons, as stated above. I then (Jan. 11, 1908) applied for and received the permission of the governor general, which the law requires of officials and employees of the Philippine government as a condition precedent to the acquisition of private interests in business ventures. The matter was not submitted to Washington, as under the law the governor general was the superior officer to be addressed by me on the subject, and confirmation from Washington was not required.

**TERMS OF THE CONTRACT ENTERED INTO BETWEEN THE PHILIPPINE
GOVERNMENT AND MYSELF.**

A certified and complete copy of the contract entered into between the Philippine government and myself is appended hereto.¹ However, for convenience in reading this statement, there is here inserted the following extract, which contains a complete recital of the terms of the contract:

That for and in consideration of the promise of said party of the second part, to take in lease, under certain terms and conditions hereinafter enumerated, any and all unoccupied tracts of land, or tracts which may hereafter be vacated by the present occupants thereof, which belong to the government of the Philippine Islands, and constitute the property more specifically known and designated at the "Tala estate," said party of the first part hereby agrees to reserve from lease or sale to any person or persons, other than said party of the second part, said unoccupied and vacated lands of said estate, and to hold said lands for the exclusive uses and purposes of said party of the second part.

I. It is mutually agreed by and between the parties hereto that said parties shall execute leases for terms of three years each, on tracts of not less than 300 hectares in extent, at the annual rental of thirty centavos per hectare: *Provided*, That no crop has been harvested during the year, or at the annual rental of one peso and fifty centavos per hectare for all lands which produce a crop; the word "crop" being construed to mean a marketable crop harvested from the leased or occupied lands, which shall net the owner a minimum of twenty pesos per hectare, but the word "crop" shall not be construed to include that which may be planted for the purpose of preventing the growth of cogon or other vegetation which may become injurious to a long term crop. It is further agreed that said party of the second part shall lease as a minimum the following areas—

	Hectares.
First year.....	300
Second year.....	900
Third year.....	1, 500

and 500 hectares per year additional thereafter until all of the available lands on said estate have been leased.

II. It is further agreed that in case application is made by other parties than said party of the second part to lease or purchase any of said reserved lands of said estate, not actually held in lease by said party of the second part, it will be incumbent upon said party of the second part immediately to execute a lease or leases covering said lands, at rates applicable to other tracts for which leases have been executed, as provided in the first clause of this agreement: *Provided, however*, That in case of the neglect or refusal of said party of the second part to execute said leases, said lands may then be leased or sold at the discretion of said party of the first part in the manner provided by law.

III. It is further agreed that said party of the first part hereby grants to said party of the second part the preference right to lease any lands of said estate now occupied or leased which in future may be abandoned or vacated by the present occupants thereof: *Provided, however*, That said party of the second part shall lease said lands at the rate paid by former lessees immediately upon notification in writing by said

¹ Not printed. See page 1181.

party of the first part so to do, and should said party of the second part fail or neglect to lease said lands, as herein provided, then said party of the first part shall have the right to dispose of said lands in accordance with the proviso of the second clause of this agreement.

IV. It is further agreed that said party of the second part shall cultivate two hundred hectares during the first year of lease, six hundred hectares the second year, one thousand hectares the third year, and five hundred hectares per year thereafter, until the entire area occupied and leased by him is under cultivation; and for the purposes of this agreement, the grazing of cattle shall be considered as cultivation: *Provided, however,* That any tract of land not susceptible to cultivation shall be excluded from the provisions of this clause.

V. It is further agreed that if the legislature of the Philippine Islands shall amend the friar lands act by making provisions for the sale of large tracts of the friar lands to persons not actual and bona fide occupants as defined therein, upon the same terms and conditions as those providing for the sale to actual and bona fide occupants, that said party of the second part will buy; and said party of the first part will sell, the lands covered by the terms of this agreement: *Provided, however,* That in case said friar lands act is not amended as specified, then said party of the first part shall continue to lease said lands to said party of the second part, if requested to do so, and, if not so requested, he shall then proceed to lease or sell said lands in the manner provided by law.

VI. It is further agreed that the said party of the second part shall keep trespassers from occupying any portion of said lands, which are hereby reserved for him, and to advise said party of the first part at the end of each calendar year of the area occupied and cultivated by him or his agents.

VII. It is further agreed that all rents which shall become due upon leases executed under the provisions of this agreement shall be paid annually before the expiration of the lease year, at the office of the agent of the Tala estate, or at the office of the party of the first part, in the city of Manila.

VIII. It is further agreed that said party of the second part shall have a right to subrent or sublease any or all lands which are leased to him: *Provided, however,* That the conditions of said sublease shall not be repugnant to the terms of the leases held by said party of the second part.

IX. It is further agreed that in the event of war or insurrection or disturbance of the public order which may prevent the continued development work by said party of the second part upon the lands held by him in lease, the obligations of the said party of the second part to the government for the year in which the disorder or disturbance occurs shall be canceled upon the submission to the said party of the first part of reasonable evidence of the fact.

X. It is further agreed that said party of the first part will, in his official capacity, endeavor to obtain on the Tala estate adequate police protection and to secure all possible assistance from the government for the construction of highways and bridges on and to the lands of said estate.

Under this contract the largest area I have held under lease at any one time on the Tala estate is at present an aggregate of 2,010 hectares, for which I pay rental as follows: 1,985.7418 hectares at ₱0.30 per hectare per annum, 2.8680 hectares at ₱2 per hectare per annum, 17.7619 hectares at ₱5 per hectare per annum, 0.9200 hectare at ₱7 per hectare per annum, 2.83 hectares at ₱9 per hectare per annum.

The area at 30 centavos per hectare is waste or wild land, a certain percentage of which under the terms of my contract I am obliged to

cultivate and am cultivating. To do this it is necessary, after removing the more or less heavy jungle growth, to plow the lands four times the first year, and at least twice each the second and third years, harrowing thoroughly after each plowing to remove as much as possible of the roots of the cogon, talahib, and other wild and noxious grasses which dominate the land and will retake it quickly unless constantly and vigorously fought. This labor represents a cost variously estimated from a minimum of ₱10 per hectare for the first year and a proportional expense for each of the succeeding years. Due to the condition of the soil, especially its acidity occasioned by the decay of the cogon roots, a marketable crop is not obtainable before the third year. It is obvious that by reason of the contractual obligation to cultivate and the impossibility of obtaining a marketable crop during two-thirds of the entire lease period the lands held at the 30-centavo rate are the most expensive; indeed, during the period of the lease contract, represent an inevitable and considerable loss to the lessee.

The areas for which I am paying ₱2, ₱5, ₱7, and ₱9 per hectare per annum, respectively, are parcels which original tenants on the estate have of their own initiative offered to sell to me and which I have purchased at the prices fixed by the vendors whose rights in the land, of course, consisted in nowise of fee simple, but merely the preferential right to lease and purchase as original tenants of the estates, and, according to the local popular opinion, the equitable, if not legal, ownership of the land; and the credits on account of rentals paid which are understood to be applicable on the purchase price. These parcels which I have acquired by purchase of rights of original tenants are improved rice land which had long ago been selected by them as the only land worth cultivating in the portion of the estate which I am cultivating in the 30-centavo class, and were not the sole holdings of the vendors who desired to dispose of these, their more distant, and, in their opinion, excessive holdings, for cash with which to secure means the better to cultivate their remaining land. None of these tenants from whom I have purchased have become tenants or laborers of mine.

EXPLANATION OF PROVISION IN CONTRACT GRANTING ME RIGHT TO TAKE OVER LANDS ABANDONED BY OTHER TENANTS AND RELINQUISHMENT BY ME OF 9,000 ACRES IN FAVOR OF FILIPINO APPLICANTS FOR LEASES SUBSEQUENT TO EXECUTION OF MY CONTRACT.

In the preliminary discussion of my contract it was anticipated by me and acknowledged by the government that upon the announcement of my entry on the Tala estate as a tenant many applications would be received from other persons for the lease of lands coming within the terms of my contract. It was recognized that these appli-

cants should not, as a matter of correct public policy, be denied the lands sought by them and at the same time that their purpose was undoubtedly speculation and occasioned solely by the knowledge of my venture, no application to lease these lands having been received from them during the period of more than three years which had intervened between the date of purchase of the estate by the government and the date of my contract. They would therefore probably abandon their holdings after one or two years in the majority of cases because of the comparatively unprofitable character of the investment. For these reasons I insisted that the Government assure me the control of these lands upon their abandonment "after the boom." Furthermore, it will be noted that I am required to pay for lands taken over after abandonment by previous tenants the same rental rates as paid by such tenants.

On the date of my contract with the government about two-thirds of the Tala estate was vacant, and had been since prior to its purchase by the government. Soon after the approval and announcement of my contract applications began to come in to the bureau of lands, as had been anticipated, for parcels, in some cases of more than 1,000 acres each, lying within the lands included in my agreement with the government. To these applicants, all of whom I understand to have been Filipinos, I relinquished several thousand acres. These lessees, I am informed, have been charged rental at the flat rate of 20 cents per acre without obligation to cultivate the land. It should be noted that these lessees selected the parcels they desired, whereas I, from the beginning, have taken what remained after other tenants had made their selections.

PRIVILEGE OF MY SUBTENANTS TO PURCHASE THE LAND THEY CULTIVATE.

An essential feature of my agreements with my subtenants from the beginning has been that, in the event I exercise my right to purchase the land at the expiration of my leases (three years), they may at any time while subtenants of mine exercise a similar right and purchase from me at the same terms controlling my purchase of the lands from the government. This is not only known to my tenants, but generally in the locality and to many other persons in the islands. While it is perhaps true that this could not be enforced through the courts against me, yet it is obvious to all persons well informed regarding native character that failure on my part to comply with my promise would result in the complete loss of my tenants and laborers from my plantation without hope of securing others to replace them. Briefly, failure to comply with this moral obligation at any time would inevitably result in my complete ruin officially and personally through loss of confidence of Filipinos in me.

WITH PARTICULAR REFERENCE TO CHARGES MADE.

It seemed quite impracticable to prepare a complete and coherent statement of my transactions with the government in regard to friar lands if I were to confine myself to taking up each of the various allegations which appear in the Congressional Record of June 17, 1910. The statement accordingly has been prepared as hereinbefore submitted. However, at the risk, perhaps, of prolonging unduly this communication, I deem it necessary to make specific comment regarding the salient points raised by Representative Martin in the speech in question. If it appear that I have ignored any important point, I beg to state that such omission has been due to oversight, and in no sense to unwillingness to meet the issue.

[Page 8482, first column, Congressional Record, June 17, 1910. Speech of the Hon. John A. Martin, June 7, 1910.]

The sale and lease of some of the friar lands to the executive secretary of the Philippine government is characterized as so criminally corrupt and immoral as to constitute malfeasance in office upon the part of all the officials of the Philippine government concerned.

The transactions in question were between myself in my private capacity and a branch of the government over which I had and have no jurisdiction; were in accordance with law and regulation; and had both official and popular approval.

A perusal of the statement of my motives and acts reveals, I believe, to the impartial reader the indisputable fact that the entire course I have pursued in these transactions has had in view, the interest of the public service quite as much as any personal one. I court a most searching investigation of my relations with the government in this friar-land matter, and decision by impartial authority. I deny emphatically and without qualification the truth of the charges made which obviously are based on incomplete information and a misunderstanding of the facts at hand.

It is further stated, on the same page and column, that "the Filipinos are protesting in masses against," etc., reference apparently being had to the disposal of the friar lands in large tracts as in my own case. The facts of my transaction with the government had been known publicly in the city of Manila and in the islands for at least two years when I left for the United States in March last without a word of protest within my knowledge having been uttered by either the press or otherwise. I can not now find there has been or is any expression here, popular or otherwise, against my conduct in this matter.

[Page 8488, last column, Congressional Record, June 17, 1910.]

Under the caption "Philippine government officials grabbing friar lands" particular attention is paid to me. It is alleged that my name

as the lessee of the Tala estate (of which I am but one of many lessees) was for a time concealed or at least not given. To the best of my knowledge and belief there has been no intentional concealment by anyone of my relations with the Tala estate. It is publicly known in Manila and has been from its inception. I do not know whether it is the routine practice of the bureau of lands to furnish the War Department lists of names of tenants of the estates or not; however, it is inconceivable that any official should attempt to conceal what is well known and without motive for concealment.

Referring to the succeeding paragraph under the caption just quoted, the fact that I now have leased 2,010 hectares of the 6,697 hectares which constitute the Tala estate, practically all of which is now leased, simply means that after all other persons have taken what they desired there has been imposed upon me under my contract an aggregate of less than one-third of the estate and including the barren hilltops, rocky ledges, and other waste areas which had been rejected by all other tenants, and much of it in detached and widely separated parcels. There remains therefore no "additional quantity of the estate" which I may receive "each year until he (I) has acquired all of it." There is no "machinery provided for dispossessing the tenants as rapidly as the purchaser may desire to acquire their lands" for the reason that the eight days' notice is several times more than adequate for the most distant tenant resident on the Tala estate to go on foot from his house to the permanent office of the agent in charge of the estate and signify his intention to lease or purchase. This requirement that tenants signify intention to purchase or lease within eight days from receipt of notice from the director of the bureau of lands is fixed by act of the legislature for all the estates, and in meeting the approval of the lower house was favorably passed upon by 80 intelligent and representative Filipinos, who apparently considered it ample and reasonable. Obviously some definite period must be fixed in order to provide for procedure in the administration of the estates. Inquiry develops the fact that no tenant has been evicted from his holdings on the Tala estate since it has been the property of the government.

On the same page (8489), column, and paragraph occurs an instance typical of the incorrect information with which the Representative from Colorado has been misled. The statement is that "until the title in fee simple passes to the purchaser, he (I) will pay only 6 cents per acre," etc., "while the native tenants pay a dollar seventeen per acre, hit or miss." The rate stated as paid by me is for waste lands, carries the obligation to cultivate, and obtains during the period of lease only for which the law fixes a maximum of three years. The rate of "a dollar seventeen" is approximately that charged for the highly improved and fertile parcels of rice land, and is paid by the lessee

whether native or not—is less than paid by me for some of the parcels of that class which I have leased. As a matter of fact, the best land on the estate is classed at ₱9 per hectare per annum (\$1.80 per acre) (see p. 14, H. Doc. No. 963, 61st Cong., 2d sess.), and it must not be forgotten that payments on account of rent go to reduce amount due on purchase price, from which it follows that the prejudice to him who pays a higher rental rate is more apparent than real. Upon the termination of my leases (three years or less) I must enter into purchase contracts and pay the annual rate, as do all others, of one-twentieth of cost of the land to the government plus interest on deferred annual payments, fee simple remaining in the government until 20 years later unless sooner acquired by purchaser through payment of the full cost price of the land.

The question as to how I could undertake to purchase a property representing an investment of at least \$50,000 (2,000 hectares at ₱50, estimated), much more one costing “between \$100,000 and \$200,000” (p. 8489, Cong. Rec., June 17, 1910), is answered satisfactorily, I believe, by an examination of my figures prepared during the consideration of the project preliminary to execution of contract, which show to be quite unmerited the conclusion that “Mr. Carpenter secured the Tala estate for purely speculative purposes or as the agent of undisclosed principals.” I repeat I am not the agent or associate of any capitalist or other principal. Whatever of “purely speculative purposes” actuated me in this matter has been fully set forth in the statement of motives made in the first part of this communication and contemplated realization by the government on its investment quite as much as definite pecuniary profit to me. Cash payment of the entire purchase price is not required of the purchaser of “friar lands.” The law authorizes purchase payments in the case of original tenants upon the basis of 20 deferred annual payments and leaves to the discretion of the director of the bureau of lands, subject to approval by higher authority, the terms upon which vacant lands may be disposed of. I have assumed, I believe correctly, that purchasers of vacant lands would be granted the 20-year deferred-payment privilege. The annual payment required presumably would therefore be one-twentieth of the cost of the land to the government at date of purchase—say, for Tala, an average of not to exceed ₱50 per hectare, or ₱2.50 per hectare per annum, plus interest on deferred payments at 4 per cent per annum or for the first year ₱1.90 per hectare—and a less amount each succeeding year as the unpaid principal was reduced. The maximum annual payment per hectare (average) which I anticipated, therefore, was ₱2.50 plus ₱1.90, or ₱4.40. This should be available from the net proceeds of the cultivation of the land after the third year. As but little, if any, of the land in question is suitable for sugar, or for the continued production of rice, my project was to

make my chief crop the cotton or kapok tree, which requires about three years' cultivation. As an average these trees, 150 to the hectare, should give a gross income of ₱30 per hectare per annum; deducting 75 per cent to cover all charges except cost of land, there would remain a balance of ₱7.50 per hectare per annum to meet purchase payments (₱4.40 per hectare) not only for the cultivated portions, but also for those areas which could not be or for any reason were not cultivated.

From the foregoing it is apparent how I planned to pay for the land without drawing on outside capital. The result, if attained, would have been the bringing of several thousand acres of waste and practically sterile land into production and the reimbursement to the Government of the amount expended by it in the acquisition of the land from the friars.

[Page 8492, second column, Congressional Record, June 17, 1910.]

Near the middle of the second column on page 8492 appears the statement "the big tenant (I) gets the land for one-fourth the rental exacted from the natives, and has the privilege of purchasing the entire estate and using the natives as chattels." On page 8507 of the Congressional Record, in the course of a quotation from an official report of the director of lands, is reproduced the following:

The occupant (I) has the further privilege of leasing any land which may in the future be abandoned by the present occupants at the rate formerly leased to the one who abandoned or vacated it.

In the above quotation the statement of fact is officially made that I am required under my contract to pay for any parcels of land taken over by me in the future at the same rental rate as that charged the tenant by whom the land was abandoned. Notwithstanding this, the matter is presented repeatedly in such a manner as to impress any reader not otherwise well informed with the idea that, in the event of abandonment of land by a tenant paying perhaps the maximum rate, I have the right under my contract to take over such abandoned land and will be required to pay as rental but 30 centavos per hectare. Such is not the case, as I am required to pay, as stated by the director of lands, and do pay, for land abandoned by other tenants rental at the same rates required by their contracts.

The allegation that I have the privilege of purchasing the entire estate and using the natives as chattels is of rhetorical effect merely and, I submit, apt to mislead uninformed persons. As to the privilege of purchasing, sufficient discussion, I believe, has been given that subject. As to using the natives as chattels, the proposition is so manifestly absurd as to merit no reply further than to call attention to the fact that a Filipino in the Philippine Islands enjoys quite as much freedom in the selection of his employment and security in the enjoy-

ment of his personal rights as does the American citizen in continental United States. An examination of the act of Congress approved July 1, 1902, will show that practically all the provisions of the Bill of Rights are extended to the Filipino.

CONCLUSION.

As has been stated in the preceding pages of this communication, I entered upon this transaction thoughtfully, after careful consideration, and with the advice and encouragement of representative men of all classes in the islands. The law has been followed conscientiously, and neither in my own opinion nor that of any other person in these islands, so far as I am aware, has any impropriety occurred. However, if it be deemed in the public interest that my contracts of lease and purchase of friar lands be terminated, I beg to express my willingness to do so at the convenience of the Government, with the suggestion that the necessary time—until not later than December 31 next—be given to permit the harvest of crops by my subtenants who own a 50 to 100 per cent interest in them.

In closing, I most earnestly request that a thorough investigation and definite decision be had on the entire matter touched upon by the allegations and charges which appear in the Congressional Record to have been made against me. This request, I trust, will not be considered unreasonable, in view of the fact that my reputation as an honest man and incorruptible official constitutes my chief asset as a private citizen and as a public official.

Very respectfully,

FRANK W. CARPENTER,
Executive Secretary.

The honorable the GOVERNOR GENERAL.

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, June 15, 1910.

MY DEAR MR. OLMSTED: On receipt of your suggestion yesterday over the telephone, the following telegram was sent immediately to Mr. Frank W. Carpenter, executive secretary of the Philippine Islands, who is now at his home in Omaha on leave of absence:

"Anxious that you come to Washington at once view of discussion of friar lands.
Answer.

"EDWARDS."

A reply has just been received from him reading:

"Leave on Milwaukee (C., M. & St. P.) to-night (June 14); arrive Washington Thursday morning, Pennsylvania.

"CARPENTER."

We, in common with the Filipino people, regard Mr. Carpenter as one, if not the most, influential Americans holding office in the Philippines. Recently when the question of filling a vacancy in the membership of the Philippine Commission was

up Judge Smith, of the Court of Customs Appeals, who had just resigned from the office of Governor General, had this to say with reference to him:

"With the exception of the governor general the executive secretary comes in more intimate contact with the people of the Philippine Islands than any other official in the government, and upon his tact, firmness, kindliness, fairness, and comprehensive knowledge of the powers and duties of the executive departments and bureaus of the government depend the tactful training of many newly elected officers, the correction without friction of mistakes made by inexperienced provincial and municipal officials, and the smooth working of provincial and municipal governments.

"If it be impossible to make the executive secretary ex officio a member of the commission, nevertheless I strongly recommend Carpenter, the present executive secretary, for the office of commissioner. During the last 11 years he has rendered very valuable services both to the military and civil régime in the Philippines, and it may be said with absolute certainty that there is no man in the service better acquainted with the Philippine situation and its idiosyncrasies than is the present executive secretary. Carpenter is not a mere machine turning out governmental work as a pure matter of routine. He has constructive ability of a very high order, and to his energy and intelligent intervention the creation of a pronounced public sentiment in favor of public betterments and the placing of provincial and municipal finances on a sound basis are largely attributable. Municipalities without sufficient money to build bridges, public buildings, markets, etc., frittered away their small annual balances for temporary makeshifts and for extravagant salaries to useless officials and functionaries. Carpenter asked the commission to set aside a sum to be loaned to municipalities for the carrying on of revenue-producing public works, such as markets, toll bridges, ferries, etc., and the small municipal balances have been used at the end of each year, in accordance with his suggestion, to pay the interest on the loans, and revenue derived from the new improvements has been set apart as a sinking fund to pay off the indebtedness in installments. I consider Carpenter is entitled to promotion by reason of his ability, his popularity, and the length and efficiency of his service."

The following is what Gov. Gen. Forbes had to say of him in the same connection:

[Cable received.]

"In regard to places on commission, Frank W. Carpenter for ability, services rendered, and standing, deserves first consideration, and believe he should be given an opportunity to decide whether he wishes to lead the life of a commissioner, giving up money-making enterprises, in case such objected to by the President. His appointment would be particularly well received by Filipinos."

The reference to money-making enterprises had to do with the purchase and management of a hacienda pertaining to the Tala friar estate. President Taft, while at the head of the Philippine Commission, took the position that the members of the commission, who were made a legislative as well as an executive body by direction of President McKinley, which action was later confirmed by Congress in the Philippine organic act, should not engage in any enterprise in the islands. Mr. Carpenter, therefore, is not a member of the legislative body, but, as stated in the quotation from Judge Smith, he does occupy one of the most important and influential offices in the Philippines.

Before investing in the hacienda Mr. Carpenter discussed the matter with the governor general of the Philippines, and the investment was made with the full knowledge of his superiors and was, of course, a matter well known publicly in the islands.

This is not a case of the use of official power to obtain something for the purchase of which there is competition. This hacienda, leased with the object of its possible ultimate purchase by Mr. Carpenter, is land which was not desired by anyone, and

he has stood in the way of no purchaser; even those who presented themselves subsequently as desiring parts of this land have been given the right to lease or purchase.

I have gone into this matter to a considerable extent because I wish you to know exactly how Mr. Carpenter is regarded by the Filipino people and by the people who have dealt directly with him. Mr. Carpenter is a man who has risen in the service. He has been an enlisted man and a noncommissioned officer in the Army, and has been a clerk under the military and under the civil government. Our understanding here, and this is borne out by Gov. Gen. Forbes and former Gov. Gen. Smith, is that in investing his savings in the Philippine Islands Mr. Carpenter had given up all ambition for promotion to the Philippine Commission. In making the particular investment which is under discussion—that is, in friar lands—Mr. Carpenter simply accepted a proposition which was going begging in the islands.

This is intended for your personal information. Now, Mr. Carpenter has made all of his arrangements to sail with the Secretary of War on the *Siberia* from San Francisco on June 28. This is in accordance with the expressed desire of the Secretary of War to have Mr. Carpenter with him on the way over in order that he might obtain first-hand information on many subjects which may demand his attention while in the islands. I therefore hope that it will be convenient for you, or the committee, to see Mr. Carpenter as soon as possible in order that he may give you full information as to the matters in which you are interested and still be able to join the Secretary of War in San Francisco as now planned.

Very sincerely, yours,

FRANK MCINTYRE,

Colonel, United States Army, Acting Chief of Bureau.

Hon. M. E. OLMSTED,

Chairman Committee on Insular Affairs,

House of Representatives, Washington, D. C.

B.

WAR DEPARTMENT, BUREAU OF INSULAR AFFAIRS,

Washington, June 17, 1910.

MY DEAR MR. OLMSTED: In view of a resolution having been introduced in the House of Representatives criticizing Mr. Frank W. Carpenter, the executive secretary of the Philippine Islands, for having leased from the bureau of lands of the Philippine Islands the unoccupied portion of the Tala friar estate, and knowing that Mr. Carpenter had nothing to conceal in this matter, he was directed to come to Washington in order that he might lay before you, or before your committee, the full facts in this case. Mr. Carpenter is now here and places himself at the order of you or of your committee.

It is only fair to state that while no copy of Mr. Carpenter's contract with the bureau of lands has ever been received here, and certain details pertaining to it may be unknown at the War Department, the general facts have been reported to the War Department, which saw nothing in the action of Mr. Carpenter calling for investigation or criticism.

Very sincerely,

FRANK MCINTYRE,

Colonel, United States Army, Acting Chief of Bureau.

Hon. M. E. OLMSTED,

Chairman Committee on Insular Affairs,

House of Representatives, Washington, D. C.

[Exhibit added by the Governor General to the report of the executive secretary.]

MANILA, *August 12, 1910.*

MR. SECRETARY: I have read carefully Mr. Frank W. Carpenter's reply to the allegations made against him in Congress recently in regard to the lease and purchase by him of friar lands, and, complying with your request for an expression of opinion as to the truth of Mr. Carpenter's statements, I beg to say that I am convinced that they are true.

Furthermore, I beg to confirm all I have stated orally to you regarding the confidence and respect in which the Filipino people hold Mr. Carpenter, officially and personally.

Respectfully, yours,

MANUEL L. QUEZON,

Resident Commissioner to the United States for the Philippines.

To the honorable the SECRETARY OF WAR,

Manila, P. I.

**LETTER OF ASSISTANT SECRETARY OF WAR
TO HON. GEORGE W. WICKERSHAM, ATTOR-
NEY GENERAL.**

**WAR DEPARTMENT,
Washington, December 4, 1909.**

MY DEAR MR. ATTORNEY GENERAL: I submit herewith, with request for your opinion, the question as to whether section 15 of the act of Congress approved July 1, 1902, entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," limiting the amount of land which may be acquired by individuals and corporations, is made applicable by section 65 of said act to the estates purchased from religious orders in the Philippine Islands pursuant to the authority conferred upon the Philippine government by sections 63, 64, and said section 65 of the act mentioned.

The Philippine government is negotiating for the sale of one of these estates, comprising about 58,000 acres, in one piece. I inclose herewith copy of a memorandum which has been handed to me by the attorneys of the purchasers, which sets forth in full the legislation by Congress and by the Philippine Legislature relating to the state and the question involved.

The sale has been practically agreed upon, but is conditioned on a favorable opinion by the attorneys of the purchasers on the question above stated. As the sale is to be made by the government, the attorneys' request for an opinion by the Attorney General as to the legality of the title which the government may give is believed to be not unreasonable.

I also inclose the several acts of the Philippine Commission and Legislature with reference to the sale of these lands. It will be seen that the Philippine Legislature has proceeded in the belief that the Philippine government could sell these lands in the manner now contemplated, and the only question seems to be whether the Philippine Legislature has exceeded the authority conferred upon it by Congress in so legislating.

As it is desired that the sale shall become operative on January 4, 1910, I shall appreciate it if the matter may be given early consideration.

Very sincerely,

**ROBERT SHAW OLIVER,
Assistant Secretary of War.**

The ATTORNEY GENERAL.

**PAPERS AND DOCUMENTS OFFERED BY REPRESENTATIVE
JOHN A. MARTIN, OF COLORADO.**

The following papers and documents, offered by Representative John A. Martin, of Colorado, at the session of the committee held Tuesday, February 14, 1911, were, in executive session held Saturday, February 18, 1911, ordered to be printed as part of the hearings:

Letter of Hon. George W. Wickersham, Attorney General, to Hon. William S. Bennet.

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., March 28, 1910.

HON. WILLIAM S. BENNET,
House of Representatives.

MY DEAR MR. BENNET: I read in the Congressional Record of March 25 a statement made by a Member from Colorado to the effect that "the former attorney of the Sugar Trust is at the head of the Department of Justice of the present administration;" and, later on, what purports to be a quotation from a newspaper editorial, reading, "Attorney General Wickersham, the former attorney of the Sugar Trust * * *."

In order that such statements may not gain any currency, I should like to state, through you, that I never was attorney for the Sugar Trust—by which, I understand, is meant the American Sugar Refining Co. and its allied or subsidiary corporations—nor had any professional or business relation to it. The only possible foundation for such a statement lies in the fact that one of my partners was, some three years ago, retained as one of counsel for the American Sugar Refining Co. in a single lawsuit brought against it, and, pursuant to such retainer, he assisted in the defense of the company in that action, and on an appeal taken from a judgment in its favor; but in that lawsuit I was neither consulted nor did I render any service.

Very truly, yours,

GEO. W. WICKERSHAM,
Attorney General.

Statement of Hon. Duncan E. McKinlay, of California, in the House of Representatives March 21, 1910.

The fact is Attorney General Wickersham never was "a sugar-trust attorney," and his only familiarity with the methods of the Sugar Trust has been obtained since his connection with the Government in connection with the systematic, effective prosecution of that company and its officials for violations of law.

The only connection that any member of his former firm ever had with the Sugar Trust was this: In February, 1906, proceedings were initiated by George H. Earle, jr., as receiver of the Pennsylvania Sugar Refining Co. against the American Sugar Refining Co. and others, in New Jersey, in the court of chancery. The firm of Landabury, Depue & Faulks were retained as attorneys for the defendants and appeared in that suit. John G. Johnson, Esq., of Philadelphia, and Henry W. Taft, of New York, were also retained as counsel for the defendants.

Another branch of the same litigation was shortly afterwards commenced in the United States circuit court, southern district of New York, as an action for treble damages under the Sherman Act. Henry B. Closson, Esq., of New York, appeared in that action as attorney for the American Sugar Refining Co. and the defendant Havemeyer, and Tompkins McIlvaine, Esq., for the defendant John E. Parsons. Henry W. Taft, of New York, and John G. Johnson, of Philadelphia, were also retained as counsel for the defendants. The suit in New Jersey was tried and resulted in a judgment for the defendants, after trial lasting about a week. The suit in New York was tried and also resulted in a judgment for the defendants, the court dismissing the complaint. (Reported 160 Fed., 144.) An appeal was taken from the latter judgment to the United States circuit court of appeals in the second circuit, and on December 15, 1908, the judgment was reversed, the court holding that the facts set forth in the complaint, if proved, established a cause of action, and that the plaintiff was entitled to an opportunity to prove them if it could. A new trial was therefore ordered.

For the services rendered in these cases, Mr. Henry W. Taft received in all fees aggregating \$26,750. This amount he paid into the firm of Strong & Cadwalader, of which he and six other persons, including Mr. Wickersham, were members, and the Attorney General participated in those fees by receiving his agreed percentage of the net profits of the business up to the time of his retiring from the firm on assuming office as Attorney General March 4, 1909.

Letter of Henry A. Wise, United States attorney for the southern district of New York, to Hon. George W. Wickersham, Attorney General.

DEPARTMENT OF JUSTICE,
OFFICE OF UNITED STATES ATTORNEY FOR THE
SOUTHERN DISTRICT OF NEW YORK,
New York, June 24, 1909.

HON. GEORGE W. WICKERSHAM,
The Attorney General, Washington, D. C.

MY DEAR MR. ATTORNEY GENERAL: Since my talk with you Sunday night I have been constantly at work on the investigation in the sugar matter. The evidence has been fully presented to the grand jury, and the grand jury on Tuesday voted an indictment against the American Sugar Refining Co., Washington B. Thomas, Arthur Donner, Charles H. Senff, John Mayer, George H. Frazier, John E. Parsons, Thomas B. Harned, and Gustav E. Kissel. All of the individual defendants above named, with the exception of Harned and Kissel, are, or were, directors of the American Sugar Refining Co. Harned

was president of the Champion Construction Co., which was the holder of the majority of the capital stock of the Pennsylvania Sugar Refining Co., and Kissel was the man who represented the sugar company in the transactions.

I have very carefully studied the law and the facts, and, in my opinion, the case is one which comes within the description of a combination or conspiracy in restraint of interstate commerce and an attempt to monopolize such trade and commerce, and also foreign trade. The conspiracy was originally formed in the month of December, 1903, but there have been various acts in furtherance of it down to 1907. The offense itself is in the nature of a continuing one, and, it seems to me, outside of the overt acts, the courts should be called upon to pass upon the question of whether or not, where interstate commerce is being restrained, even though the original conception of restraining it is more than three years old, such offense can be punishable.

I have had visits from Mr. McIlvaine, representing Mr. Parsons; Mr. Milburn and Mr. Bowers, representing Mr. Thomas; and Mr. Guthrie, representing Mr. Kissel. Of course, McIlvaine represents not only Mr. Parsons, but the American Sugar Refining Co. and all of its directors. They have been afforded full opportunity to present all of the facts from their viewpoint and the law. I am satisfied, from the facts, that I should not assume the responsibility of deciding that no offense has been committed, and also from these facts and the law that I should not assume the responsibility of determining whether or not the statute of limitations has run. Bearing upon the question of the statute of limitations, I beg to refer you to the case of *Ware v. United States* (154 Fed. Rep., 577-585, C. C. A.).

The grand jury did not hesitate to find the indictment. This, of course, may partly be attributable to the state of the public mind. Messrs. Milburn and Bowers have appealed to me to permit them to submit briefs, which I have consented to, and they are to give them to me Monday morning. The indictments have been drawn, and I do not believe that they will be able to present any argument that will persuade me to assume the responsibility of saying that no indictment should be found, and unless some very powerful proposition of law, which I have not yet discovered, is suggested by them, the indictment will, in all probability, be filed by the grand jury Monday afternoon.

You have no doubt read the voluminous statements about what is to be done which have appeared in the newspapers. As I stated to you Sunday night, I am not responsible for these things, and have remained absolutely mum upon the subject. The civil case was tried here, as you know, but a few days ago, and the papers then had very full reports of the testimony in that case, and the reporters have, by hanging around the courthouse, been able to observe the different witnesses called before the grand jury, and in that way write up from their previous knowledge statements purporting to be what had been testified to before the grand jury, and have also played upon their imaginations in stating what would happen.

If you have any further instructions to give to me upon the subject, I will be glad to receive them before Monday.

Sincerely, yours,

HENRY A. WISE,
United States Attorney.

Letter of Hon. George W. Wickersham, Attorney General, to Henry A. Wise, Esq.

DEPARTMENT OF JUSTICE,
June 25, 1909.

HENRY A. WISE, Esq.,
United States Attorney, New York, N. Y.

MY DEAR MR. WISE: I have yours of 24th instant with reference to the sugar matter. I do not think I can add anything to the instructions already given you in this matter. I feel great personal regret that men of the prominence of these gentlemen should be indicted; but the facts under the law, as laid down by the circuit court of appeals, seem to justify no other course. I entirely approve of your giving counsel for the defendants until Monday to submit a brief, because it shows that the Government is proceeding with deliberation and is willing to give a patient and careful hearing to those involved. Of course, I understand about the newspaper statements. The reporters are bound to get the drift of what is going on from the general atmosphere surrounding the courthouse.

Faithfully, yours,

_____,
Attorney General.

Letter of Hon. George W. Wickersham, Attorney General, to Henry A. Wise, Esq.

WASHINGTON, *Sunday, June 27, 1909.*

MY DEAR WISE: Senator Root has sent me the proof of a petition signed by Bowers, Milburn & Guthrie in support of their contention that the statute of limitations has run in favor of Messrs. Parsons, Kissel, and Harned. If the only overt acts done to carry out the objects of the unlawful conspiracy were those referred to in the brief, I should think they were insufficient to save the bar of the statute.

A strong effort will be made to-morrow to persuade the President to interfere in some way to prevent the indictments; but, aside from that, no indictments should be returned against anyone if there is no reasonable ground to believe they can be sustained—if, for instance, the offenses charged are clearly barred by the statute. I need hardly say this to you.

What I want to impress upon you is that if you have any reasonable doubt in the matter, you either have the grand jury ask the court for instructions, or if that is not feasible, that you advise the department of the specific charges on which you rely to save the statute before actually having the indictments brought in. You may telephone either to me or to Mr. Ellis, if I should be out of the department when you call, on this point.

Faithfully, yours,

GEO. W. WICKERSHAM.

P. S.—As I am writing from my house and have no copy of this, will you kindly have your typewriter make and send me a copy?

Letter of Mr. Henry W. Taft to Hon. William S. Bennet.

JUNE 23, 1910.

Hon. WILLIAM S. BENNET,

House of Representatives, Washington, D. C.

DEAR MR. BENNET: Perhaps so late in the session there will be no useful result in denying some of the statements in the speech of Mr. Martin which was reported in the Congressional Record June 17, and in speeches made before by Mr. Rainey and Mr. Covington; and yet some of these statements are so utterly without foundation that I have decided to state to you the truth in relation to them, so that you may have it for reference in case the general subject should be again referred to.

All of the statements made on page 8486 of the Congressional Record, which imply that either I or the firm of Strong & Cadwalader have had anything to do with the Philippine projects referred to, are without a vestige of truth. I never had any relation, either of a business or personal character, with the electric street railway system and electric lighting and power plants at Manila, or with the narrow-gauge railroad in the island of Cebu, or with the narrow-gauge railway in the island of Panay, or with the harbor improvements at Cebu or Iloilo. I do not remember ever to have heard of C. N. Swift. I have some acquaintance with Mr. J. G. White, but neither I nor my firm ever did any business connected with Philippine affairs for J. G. White & Co., or for Mr. White, and we have had no connection of any kind with the J. G. White & Co. syndicate. I have some slight recollection that my brother, when he was Secretary of War, did meet in my office certain gentlemen interested in some of the Philippine railways. It may be that these gentlemen are those who are mentioned in the Washington Post in the extract quoted by Mr. Martin. I did not participate in the interview. My recollection is I was not even present, but that it was held for the convenience of all concerned in some room in our offices other than my own. I certainly do not know what took place, and I did not have then and have not had since any interest, either professional or personal, in the matters which were discussed and did not represent and have not since represented in those matters any of the persons who were mentioned as being present at the interview. I have never heard of the Mindoro Development Co., mentioned by Mr. Martin on page 8491 of the Congressional Record, and, of course, never did any business for it.

In December, 1906, I advised some bankers in this city that they could, in a circular offering for sale \$1,000,000 of the city of Manila bonds, state that the language of a previous opinion of the Attorney General, quoted in the circular, was applicable to the bonds offered. With the exception of this matter and the friar-land matter, which I will refer to below, neither my firm nor any member of it has, so far as I can recall, ever had, as counsel or representing any interest of themselves or anyone else, anything to do, directly or indirectly, with Philippine property or affairs.

Some reference is made by Mr. Martin to our firm having Cuban business. The only business of any importance that I can recall that we have had in Cuba was the drawing of the papers for the issuance of the Cuban Government loan of 1904. I subsequently attended to a supplemental issue and some incidental matters arising in connection

with the contract under which the loan was made. The bonds of the Government were purchased by clients of ours and I was employed by them to certify to the validity of the bonds. I also once examined an issue of bonds of the city of Cienfuegos, but the transaction never went through.

As to the friar-land matter, which Mr. Martin discusses at length, my attention was first called to it last summer when I was away on my vacation. Mr. Hammond wrote to me asking whether I thought there was any objection to his acting in the matter. I answered that I saw no harm in it if it did not involve our securing from either the Philippine or the United States Government *any action resting in discretion*. Personally, I had nothing other than this to do with the friar-land matter, knew nothing about it, except that it was pending in our office, never examined the statutes or conferred with or wrote to or received any letter from any Government official concerning it, and have no opinion upon it. Mr. Hammond did some preliminary service for young Mr. Havemeyer and Mr. Welch in examining the statutes relating to the subject and giving advise as to the legal situation, in having, on September 3, 1909, an interview with Maj. McIntyre, *and in writing four letters* to the War Department in addition to the one of October 23, which were principally requests for and acknowledgments of the receipt of *public documents*. I assume that the substance of the conference between Mr. Hammond and Maj. McIntyre and of the letters referred to has already been laid before Congress.

A time arrived when Mr. Hammond thought that we ought to retire from the matter, lest our connection with it would be misconstrued. He informs me that this was before the writing of the letter of October 23. He had, two months before Mr. Wickersham was asked for an opinion, withdrawn from the matter, having, without my knowledge, on September 29 turned the whole matter over to the firm of Cravath, Henderson & DeGersdorff and delivered to them all data in his possession. Certain interviews with a member of that firm, to put them in possession of the facts, followed, the last one being on October 13. After October 13—with the exception of writing the letter of October 23, referred to by Mr. Martin—our connection with the matter wholly ceased, and neither directly nor indirectly have we performed any services in connection with it or done anything to bring about any result which has followed. The agreement referred to by Gen. Edwards on November 29 we had nothing to do with. Neither Mr. Hammond nor any member of our firm ever conferred with the Attorney General upon the subject, directly or indirectly, and after the termination of our connection with it we have not even kept track of the way in which it has progressed. There has been, in the words of Mr. Martin, “a complete severance” which “would relieve the firm of responsibility.” Mr. Martin’s statement that Mr. Wickersham shared in the compensation—*which I find amounted to \$1,000*—for what Mr. Hammond did, is wholly without foundation. Neither the client nor the business came into the office until nearly six months after Mr. Wickersham had ceased to be a member of the firm. Indeed, Mr. Hammond did not become a member of the firm until after Mr. Wickersham became Attorney General.

I think Mr. Martin’s general reference to Philippine affairs must be based upon information derived from the same source from which

the New York World obtained similar information during the last campaign. The World published a statement that I had procured for Speyer & Co. the Philippine railways. This publication was made in spite of the fact that somebody from the editorial room of the newspaper came to my office, and I stated to him that I had never had anything to do with it. The fact is that Mr. Speyer, having been a friend and client of mine for a dozen years, did wish me to attend to that business, but that, on account of my brother's relation to the administration, I declined to have anything to do with it, had nothing to do with it, directly or indirectly, knew nothing about it except what any citizen might know from reading the newspapers. I did absolutely nothing to influence the Government's action one way or another, and, of course, never received any compensation. The business was attended to by Mr. John G. Milburn, and I have not familiarity, except in a most general way, with the financial plan or the relation of Speyer & Co. to it.

Yours, very truly,

HENRY W. TAFT.

*Letter of Col. Frank McIntyre, Assistant Chief Bureau of Insular Affairs,
to Mr. John Henry Hammond, dated September 4, 1909.*

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, September 4, 1909.

MY DEAR MR. HAMMOND: As I promised you yesterday, I am inclosing herewith copies of—

An opinion of Gov. Magoon, of May 10, 1904, when, as law officer of the Insular Bureau, he passed on the question "Do the existing laws of the Philippine Islands limit the number of acres of farming land which a corporation may acquire when the land at the time of acquisition is subject to private ownership?"

An opinion of the acting attorney general of the Philippine Islands, of July 19, 1907, in the matter of the Philippine Plantation Co.

An opinion of the attorney general of the Philippine Islands, of October 30, 1907, in the matter of the holding of mining claims by a corporation or association in the Philippine Islands.

In glancing hurriedly, as we did, over Magoon's opinion of 1904, I think we failed to fully observe the strictness or exactness with which he confined himself to the specific question propounded. I now see that his opinion does not seriously conflict with the opinion of the attorney general in 1907, as he limits himself to the question as to whether the corporation can acquire the land, and does not go into the question as to the use to which the land is to be put or as to the charter of the particular corporation. I think that when this is thoroughly understood Magoon's opinion is not open to question. The question would arise only if this land should be secured by a corporation the charter of which authorized it "to engage in agriculture," which seems to have been the case of the corporation the attorney general had in mind in his opinion of July 19, 1907.

Referring now to section 75 of the act of July 1, 1902—that is, the Philippine act—I would invite your attention to section 3 of the act of May 1, 1900, being a joint resolution to provide for the administra-

tion of civil affairs in Porto Rico, etc., which provides with reference to Porto Rico as follows:

No corporation shall be authorized to conduct the business of buying and selling real estate or be permitted to hold or own real estate except such as may be reasonably necessary to enable it to carry out the purposes for which it was created, and every corporation hereafter authorized to engage in agriculture shall by its charter be restricted to the ownership and control of not to exceed 500 acres of land; and this provision shall be held to prevent any member of a corporation engaged in agriculture from being in any wise interested in any other corporation engaged in agriculture. Corporations, however, may loan funds upon real-estate security and purchase real estate when necessary for the collection of loans, but they shall dispose of real estate so obtained within five years after obtaining title. Corporations not organized in Porto Rico, and doing business therein, shall be bound by the provisions of this section so far as they are applicable.

This, you see, is even more restrictive than the Philippine act, in that an agricultural corporation is limited to the ownership and control of not to exceed 500 acres of land.

It seems to me that we would make a mistake, now that this question is about to arise seriously in the Philippine Islands, to wholly neglect the precedents that may have been established in the construction of this act in Porto Rico. Maj. Shelton, one of the officers of the bureau, was in Porto Rico about the time of the passage of the recent tariff bill, and I cabled him to look up this feature of the matter in Porto Rico, and when he returns, which will be in a few days, he may have this specific information.

However, it is very generally known that, notwithstanding the very restrictive nature of the section above referred to, the sugar industry of Porto Rico has been developed as fully as though there were no such provision.

You understand that the opinions which I am sending have never received the formal approval of the Secretary of War, except the one by Gov. Magoon, which was approved by the Acting Secretary.

Very truly, yours,

FRANK MCINTYRE,
Major, Eighth United States Infantry,
Acting Chief of Bureau.

MR. JOHN HENRY HAMMOND,
Strong & Cadwalader, 40 Wall Street, New York, N. Y.

Letter of Gen. C. R. Edwards, Chief Bureau of Insular Affairs, to Hon. M. E. Olmsted, chairman Committee on Insular Affairs, House of Representatives.

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, April 11, 1910.

MY DEAR MR. OLMSTED: Pursuant to instructions of the Secretary of War, I beg to submit the documents and data referred to in House resolution 575.

If any related information not contained in the copies of records herewith is desired by you or your committee, effort will be made to secure it.

The first call is for—

Copies of all correspondence, whether by letter, cable, or otherwise, between the Secretary of War, the Bureau of Insular Affairs, or other bureaus or officials of the War Department and the governor general or other official of the Philippine government, relative to the sale of the 55,000-acre San Jose estate in the island of Mindoro.

This is inclosed, marked "A."

The second call is for—

A list of all sales or leases or proposed sales or leases of friar lands, other than the San Jose estate, in excess of 16 hectares to an individual, or 1,024 hectares to a corporation or association, including the alleged rental, with privilege of purchase, of the 50,000-acre Isabela estate and the 16,000-acre Tola estate.

This information, in so far as available, is contained in the annual report of the bureau of lands for the years 1905, 1906, 1907, 1908, and 1909. This report has been printed for all years, except 1909, as a part of the annual report of the Secretary of War, and has been made available to all persons in the United States who have expressed to the Bureau of Insular Affairs a desire for that information.

See page 136 et seq., part 2, Report of the Philippine Commission, 1906.

See page 184 et seq., part 2, Report of the Philippine Commission, 1907.

See page 225 et seq., part 2, Report of the Philippine Commission, 1908.

See page 1229 et seq., typewritten appendix to Report of the Philippine Commission, 1909.

While giving fully all details of the handling of these estates, it will be observed that these reports do not give a list of sales or leases to individuals in excess of 16 hectares. It is believed that there have been no sales to corporations or associations in excess of 1,024 hectares.

I inclose, marked "B," the correspondence with reference to the alleged rental, with privilege of purchase, of the 50,000-acre Isabela estate.

By the Tola estate is doubtless meant the Tala estate, in the province of Rizal. Attention is invited to the remarks with reference to this estate in the several reports above referred to. The last report of the bureau of lands shows the area of this estate to be 6,696 hectares, of which 80 per cent is estimated as occupied, and 866 lots have been leased, which constitute 77 per cent, or 5,157.15 hectares.

The third call is for:

A transcript of all railway franchises granted in the Philippine Islands since the passage and approval of the Philippine government act of July 1, 1902.

These are published in the acts of the Philippine legislature, which have been reported annually to Congress and printed in the annual report of the Secretary of War. They are specifically as indicated in the inclosed list, marked "C."

The next call is for—

The names of the friar estates contiguous to or to be traversed by each of the railways.

This is set forth in full in the report of the bureau of lands of the Philippine Islands for the year 1907. (See p. 192, vol. 2, Report of the Philippine Commission, 1907.)

The next call is for—

Mileage of said railways completed under each of said franchises.

This has been reported annually in the report of the Philippine Commission. I am inclosing herewith an excerpt, marked "D," from the last report of the supervising railway expert showing this up to the date of that report.

The next call is for—

Amount of bonds on each, interest on which is guaranteed by the Philippine government.

The amount of bonds issued by the Philippine Railway Co., the interest on which is guaranteed by the Philippine government, is \$6,184,000. For no other roads have any bonds been issued the interest on which is guaranteed by the Philippine government.

The details of construction and operation of these roads are reported annually by the supervising railway expert.

The next request is for—

The names and locations of all contracting individuals, firms, or companies which have been awarded contracts through the War Department, or the insular government of the Philippine Islands for the construction of insular or municipal improvements in the Philippine Islands since the passage of the Philippine government act of July 1, 1902, together with copies of all such contracts.

INSULAR IMPROVEMENTS.

The contracts for the construction of insular improvements in the Philippine Islands are invariably awarded by the Philippine Government. The Bureau of Insular Affairs is only advised on awarding contracts of the names of the contractors in the most important cases, such, for example, as contracts which are advertised in the United States as well as in the Philippine Islands. In the general case these matters are reported with great detail in the annual report of the bureau of public works of the Philippine Islands, under which bureau such work is carried on. It will be seen that the names of the contractors are in general given in these annual reports.

MUNICIPAL IMPROVEMENTS.

These contracts are let by the municipalities, of which there are 685 in the Philippine Islands, and the contractor's name would in general only reach the Bureau of Insular Affairs in the printed annual reports of the bureau of public works, where such work was done under the supervision of that bureau. In the case of the large improvements, such as the water and sewer system in the city of Manila, the work was advertised in the United States as well as in the Philippine Islands, and the contracts were awarded as follows:

FOR THE WATER SYSTEM.

Matson, Lord & Belser Co. (construction of dam).....	\$241,510.25
Henry W. Peabody & Co. (steel plates).....	99,900.31
Atlantic, Gulf & Pacific Co. (steel pipe).....	281,935.00
Atlantic, Gulf & Pacific Co. (tunnel).....	179,987.50
Matson, Lord & Belser Co. (reservoir).....	222,477.70
Total.....	1,025,810.76

FOR THE SEWER SYSTEM.

Atlantic, Gulf & Pacific Co.....	1,631,053.20
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See pages 155 and 156, part 3, Report of the Philippine Commission, 1906.

The contracts awarded in the city of Manila are usually listed in the annual report of the municipal board of the city of Manila. A reference to the annual reports of the Philippine Commission will furnish the information called for under this head in considerable detail.

See report of the bureau of engineering, page 143 et seq., part 3, Report of the Philippine Commission, 1905.

See report of the bureau of port works, page 343 et seq., part 3, Report of the Philippine Commission, 1905.

See page 336 et seq., report of the director of public works, part 2, Report of the Philippine Commission, 1906.

See pages 374 and 375, report of the director of public works, part 2, Report of the Philippine Commission, 1907.

See page 449 et seq., report of the directory of public works, part 2, Report of the Philippine Commission, 1908.

See page 1552, typewritten copy of the report of the director of public works, appendix to Report of the Philippine Commission, 1909 (filed in the Bureau of Insular Affairs).

Copies of these contracts have never been called for in the United States, and are not in the War Department.

I attach hereto, marked "E," copies of the Philippine laws relating to government contracts.

The next call is for—

The number of occupants, settlers, tenants, and lessees upon the friar lands April 26, 1904, the date of the passage of the Philippine friar-land act by the Philippine Commission, and the number thereon at the end of the fiscal years 1905, 1906, 1907, 1908, and 1909.

The number of lessees and purchasers of holdings on the friar lands is reported annually in the reports of the bureau of lands, which have been heretofore referred to.

The number of occupants have been reported as something over 60,000.

The next call is for—

The name of the attorney of the investor mentioned in the letter of the Chief of the Bureau of Insular Affairs to the chairman of the Committee on Insular Affairs, House of Representatives, of date March 24, 1910; whether the opinion of said attorney, that the sale of the San Jose estate is valid, is in writing, and, if so, a copy of the same.

The name of the attorney of the investor mentioned is Mr. C. A. de Gersdorff. The opinion referred to was the verbal opinion given to the Assistant Chief of the Bureau of Insular Affairs of the War Department. Whether the attorney has furnished a written opinion to his clients is not known, but as the sale of the estate was contingent upon his giving an opinion that the title to be transferred was valid, it is assumed that there is such an opinion in writing, but it is not in the records of the War Department, nor has it been seen by anybody connected with the department so far as known.

The next call is for—

The name of the attorney of the purchaser mentioned in the letter of the chief of the Bureau of Insular Affairs to the chairman of the Committee on Insular Affairs, House of Representatives, of date January 28, 1910; whether said attorney submitted in writing his question as to the right of the Philippine government to sell the San Jose friar estate; and, if so, a copy of the same.

The name of the attorney is as above stated. He did not submit his question in writing, but did submit a memorandum, a copy of which is attached hereto, marked "F."

The next call is for—

Copies of all acts of the Philippine Commission since July 1, 1902, and of the Philippine assembly, granting insular or municipal public utility privileges.

These are reported annually to Congress and are in the printed acts of the Philippine Commission, which have been supplied gratis to all persons requesting the same in the United States, except, possibly, from time to time when the supply of the particular act requested may have been exhausted.

A list of the acts granting insular or municipal public-utility franchises, by number and brief titles, is appended, marked "G." Copies of these acts are also inclosed herewith, attached to said list. The acts complete may be found in the printed volumes of the reports of the Philippine Commission, which are published annually in the report of the War Department.

The next call is for—

All other information concerning the foregoing matters and not herein specifically called for.

This is believed to be supplied by the annual reports of the Philippine Commission, the annual report of the Bureau of Insular Affairs, and the annual report of the War Department, but any special information which you or your committee desire will be furnished.

The next call is for—

The full report of the Philippine Commission for the fiscal year 1909, as published in the Philippine Islands.

The full report of the Philippine Commission for 1909 is published in the United States as one volume of the annual report of the Secretary of War, copy herewith. This report is not published at all in the Philippine Islands. There has been heretofore published as a part of the report of the Philippine Commission (included in the annual report of the Secretary of War) a number of appendixes, including the reports of the various chief of bureaus of the Philippine government. It was decided not to have these published as a War Department document this year for reasons set forth in a letter to the governor general of the Philippine Islands, dated May 18, 1909, a copy of which and the reply thereto I inclose, marked "H."

The appendixes to this report, however, have been received in the War Department, and are on file in the Bureau of Insular Affairs, and will be gladly supplied to the committee. It has been the custom to print these in pamphlet form in Manila, and I transmit such reports as have been received for the fiscal year 1909.

While it is believed that the accompanying papers with the foregoing reference will satisfy as to all of the inquiries made in the resolution, yet I shall be glad to have any further inquiries answered, or to direct an officer of the Bureau of Insular Affairs to personally assist you or the committee in obtaining any further information desired.

Very respectfully,

C. R. EDWARDS,
Brigadier General, United States Army, Chief of Bureau.

Hon. M. E. OLMSTED,
*Chairman Committee on Insular Affairs,
House of Representatives.*

A.

[Translation of cablegram received.]

OCTOBER 22, 1909.

SECRETARY OF WAR, *Washington*:

Prentiss and Poole¹ desire to purchase unoccupied sugar lands on San Jose friar estate, Mindoro; say Hammond² was informed by the Bureau of Insular Affairs an individual can not purchase more than 40 acres friar lands. Can not understand this, as acts 1847 and 1933 were passed amending friar-land act to give government right to sell vacant friar lands without restriction as to area. Attorney general³ concurs in the opinion that this has been accomplished. Please confirm by telegraph to satisfy these gentlemen.

FORBES.

[Translation of cablegram sent.]

OCTOBER 22, 1909.

FORBES, *Manila*:

Thoroughly understood here unoccupied friar lands may be sold to individuals without limitation as to area. Will advise Hammond.² Wrote you September 27 requesting detailed description of such estates as are to be sold as unoccupied land. When Hammond called it was not understood efforts were being made to sell these estates.

EDWARDS.

[Translation of cablegram sent.]

NOVEMBER 23, 1909.

FORBES, *Manila*:

Am just advised that you are negotiating for the sale of Mindoro estate. The Secretary of War desires full information by cable in this matter, and desires that you do not consummate the sale until he has considered the question.

When may we expect opinion of the attorney general referred to in your telegram October 22? Attorneys of purchasers desire opinion of the Attorney General of the United States as to whether section 15, act of Congress approved July 1, 1902, is made applicable by section 65 thereof to the friar lands. If opinion of the attorney general of the Philippine Islands has not been mailed, cable synopsis thereof.

EDWARDS.

[Translation of cablegram received.]

NOVEMBER 29, 1909.

SECRETARY OF WAR, *Washington*:

Referring to telegram from your office of 23d instant, present state of negotiations for the sale of San Jose friar estate is as follows: Mr. E. L. Poole has signed certificate in which director of lands, acting for the Philippine government under the provisions of section 9, act No. 1120, as amended by act No. 1847 and act No. 1933, has certified

There is no prior record in the Bureau of Insular Affairs of Prentiss and Poole.

¹ The Mr. Hammond referred to in this cablegram had called at the Bureau of Insular Affairs on September 3, 1909. Maj. McIntyre was in charge of the office on that date and went over very generally with Mr. Hammond the land laws of the Philippine Islands. The question of the amount of land which an agricultural corporation could hold in the Philippine Islands, the amount of the public domain which a corporation or individual might purchase, and related matters were discussed. Maj. McIntyre thinks that Mr. Hammond did not bring up the question of the purchase of any special piece of property in the Philippine Islands, nor is he positive that he mentioned the purchase of land on the friar estates, though from the cable from Manila he believes that Mr. Hammond must have done so.

However, after going over the subject, Maj. McIntyre gained the impression that Mr. Hammond's clients desired to form a corporation to carry on agriculture in the Philippine Islands and to obtain land holdings from the Philippine government. After discussing the legal aspect of the question, Mr. Hammond said that in view of the relation of his firm—Strong & Cadwalader—to the administration, he thought that he would advise his clients, who had been referred to him by another lawyer, whose name he gave (Maj. McIntyre thinks it was Judge Johnson, from Philadelphia or Pittsburg), to obtain the service of some other attorney. Maj. McIntyre promised to send to Mr. Hammond certain opinions relating to the holding of lands in the Philippine Islands, which he did. This was acknowledged, and there was no further correspondence or conversation with Mr. Hammond relating to this matter until the receipt of the cablegram from Gov. Forbes of October 22, which is quoted above.

In accordance with the statement in the answer, Maj. McIntyre wrote a letter to Mr. Hammond (copy attached marked "A"), and received a reply (copy attached marked "B"). This concluded the matter in so far as the bureau was concerned. Mr. Hammond did not give the names of his clients, nor was inquiry made of him as to this matter. It is assumed, however, that they were the clients subsequently represented by Mr. de Gersdorff.

² Attorney general of the Philippine Islands.

that the government of the Philippine Islands has agreed to sell to E. L. Poole or his nominees San Jose friar estate for ₱734,000 Philippine currency, which will be value of said land on January 4, 1910, fixed in accordance with the provisions of section 12, act No. 1120. Purchaser is to pay ₱42,875 on January 4, 1910, when this sale becomes effective. Balance is to be paid in 19 equal annual installments. I consider this is an excellent sale, as ₱32 per hectare is high. Full report will be forwarded by mail by Dean C. Worcester. Sale, however, contingent upon approval of title by Poole's attorney.

FORBES.

[Translation of cablegram sent.]

DECEMBER 4, 1909.

FORBES, *Manila*:

Referring to telegram from your office of 29th ultimo, the Secretary of War approves sale of San Jose estate. At the request of attorneys for purchasers the question referred to in my telegram of November 23 will be submitted at once to Attorney General for an opinion.

EDWARDS.

THE GOVERNMENT OF THE PHILIPPINE ISLANDS,
DEPARTMENT OF THE INTERIOR,
Manila, October 21, 1909.

The CHIEF OF THE BUREAU OF INSULAR AFFAIRS,
Washington, D. C.

MY DEAR GENERAL EDWARDS: Two gentlemen who are contemplating the purchase of considerable tracts of the San Jose friar estate called at my office the other day and in the course of the interview which followed, stated that they had been informed in Washington, at the Bureau of Insular Affairs, that the sale of friar lands was subject to the same limitations as that of public lands.

It is true that this was the case in the friar-land act (No. 1120) as originally passed, but act No. 1147 was passed for the express purpose of doing away with the numerous difficulties which arose in consequence.

We should, of course, have gotten into endless trouble with tenants desiring to purchase if the amount of land we could sell to any one of them was limited to 40 acres, while if we are ever to dispose of the San Jose and Isabela estates, both of which are practically without tenants and are situated in remote and comparatively inaccessible regions, it will be necessary to sell the land in tracts of considerable size.

You will, I think, note that act No. 1120, as amended by act No. 1847, leaves the director of lands entirely free to offer unoccupied friar lands for sale in such tracts as may seem to him wise. I am hoping very much that we shall be able to sell some of this land to the gentlemen in question and that they will start a good, up-to-date sugar plantation.

If we can only unload these two large estates the friar-land problem will, according to present indications, be solved quite readily.

Sincerely, yours,

DEAN C. WORCESTER,
Secretary of the Interior.

Received in Bureau of Insular Affairs December 13, 1909.

[Translation of cablegram sent.]

DECEMBER 22, 1909.

FORBES, *Manila*:

The Attorney General of the United States is of the opinion that limitations in section 15, act of Congress approved July 1, 1902, do not apply to the estates purchased from religious orders. Attorneys of purchasers so notified to-day. Copy of opinion by mail.

MCINTYRE.

[Translation of cablegram sent.]

JANUARY 12, 1910.

FORBES, *Manila*.

Has sale of Mindoro estate been consummated?

McINTYRE.

[Translation of cablegram received.]

JANUARY 13, 1910.

SECRETARY OF WAR, *Washington*:

Sale Mindoro estate consummated January 4. First payment, \$83,500, has been received.

FORBES.

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, October 22, 1909.

MY DEAR MR. HAMMOND: When you were in the office about the 3d of September, among other things, with reference to the land laws of the Philippines discussed, was the application of these laws to the friar estates. Very little attention was paid to this feature of the case, as I explained to you that I was under the impression that no effort was being made to sell any of the friar estates in large blocks, and specifically that I did not understand that the Philippine government was making any effort to sell the San Jose estate of about 56,000 acres, on the Island of Mindoro. You will recall that you had received advice from Manila, or that your clients had received advice, that this estate was in the market. In any case I am satisfied that I gave you the impression that the limitations of the act of Congress relating to the public lands had been extended to the friar estates.

I now desire to correct both of these impressions. A cable received from Manila to-day indicates that it is desired to sell the San Jose estate, and I inclose two acts of the Philippine Legislature amending "The friar-lands act," which make it clear that the unoccupied lands on the friar estates may be sold to individuals without any limitations as to area. I do not know that you are still interested in this matter in any way, but I do not desire that you should be under any misapprehension as to the matter due to our conversation.

Sincerely, yours,

FRANK MCINTYRE,
Major, Eighth Infantry, Assistant to Chief of Bureau.

JOHN HENRY HAMMOND, Esq.
(Care of Strong & Cadwalader),
40 Wall Street, New York, N. Y.

Inclosures: Acts Nos. 1847 and 1933 of the Philippine Commission.

40 WALL STREET,
New York, October 23, 1909.

Maj. FRANK MCINTYRE,

War Department, Bureau of Insular Affairs, Washington, D. C.

MY DEAR MAJ. MCINTYRE: I beg to acknowledge receipt of your very kind letter of yesterday, inclosing copies of acts Nos. 1847 and 1933 of the Philippine Commission relating to the sale of the friar lands.

After careful consideration and in view of the fact that it may be necessary for my former clients to request some discretionary action on the part of the government officials, I decided that they had better be represented by other counsel. Accordingly the firm of Cravath, Henderson & de Gersdorff has taken up the matter. I have sent your letter and the inclosures to Mr. Leffingwell, of that firm.

Thanking you for your courtesy in the matter, I remain,

Sincerely, yours,

JOHN HENRY HAMMOND.

B.

[Extract of cablegram received January 17, 1910, from Manila, P. I.]

SECRETARY OF WAR,
Washington:

Negotiations practically completed leasing W. H. Lawrence portion Isabela friar estate not now occupied and leased or sold to occupants 19,461 hectares for the year commencing December 1, 1909, rent \$100. Under agreement, lessee, at his own expense, cause immediate examination premises competent soil agricultural expert for the purpose of determining quality soil and such other circumstances considerations affecting value of the property, rendering true report examination investigation; failing to purchase end of the year, complete report becomes property of the Philippine government. Price, January 1, 1910, \$211,350. Signing lease after publication; Bandillos published gives lessee prior right to purchase; estate practically unoccupied; 110 miles nearest practicable port; lease, prospect sale, deemed advisable.

FORBES.

Letter of Gen. C. R. Edwards, Chief Bureau of Insular Affairs, to Hon. M. E. Olmsted, Chairman Committee on Insular Affairs, House of Representatives, dated March 24, 1910.

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, March 24, 1910.

MY DEAR MR. OLMSTED: My attention has just been called to a letter of Mr. Moorfield Storey to the Hon. Samuel W. McCall, of Massachusetts, which was published in the Congressional Record of March 22, with reference to the legality of the sale of one of the unoccupied friar estates, the area thus sold being very largely in excess of the limitation placed by the act of Congress of July 1, 1902, on the amount of agricultural land of the public domain which might be sold to a single purchaser.

I do not care to enter into the legality of this action further than to refer to my letter to you of January 28, 1910, in which I inclosed an opinion of the solicitor general of the Philippine Islands to the effect that the legislation of the Philippine Legislature authorizing the sale of unoccupied friar lands without reference to the limitation of acreage was not in contravention of the laws of Congress, and also the opinion of the Attorney General of the United States to the effect that the law of Congress did not restrict the Philippine Legislature in this regard.

I do not wish, however, that you should be misinformed as to the effect of this act of the Philippine Legislature.

Mr. Storey points out that the lands treated of in the opinion of the Attorney General were "very choice agricultural land;" and again, that they were "a very important portion of Philippine agricultural lands."

The best estimate available gives 61,000,000 acres as the extent of the public domain of the Philippine Islands. The Director of Forestry hopes that he can classify as more available for forestry than agricultural purposes 40,000,000 acres of this land; and while this is a rather liberal allowance for forestry purposes, it would still leave an area of 21,000,000 acres of land to be classed as agricultural in character and now subject to leasing and homesteading under the act of July 1, 1902, and with the very restricted limitations imposed therein.

The so-called "friar lands" consist of 23 estates of a total area of approximately 390,000 acres. Of this area 45.06 per cent is actually occupied, and under existing law the part of these estates thus occupied must be disposed of to the actual occupants, and it is, as a matter of fact, being so disposed of as rapidly as possible. Of the remainder of the estates a part is taken up with land which does not lend itself readily to agriculture. It is not unnatural to suppose that the 45 per cent held as above set forth is the best of the land. This natural supposition is borne out by the facts. So there would remain at the most something less than 200,000 acres of land of these estates which could be classified as unoccupied, and the sale of which could be effected under the acts of the Philippine Legislature now questioned. These 200,000 acres are made up in this way—55,000 acres in the San Jose estate in Mindoro, and 45,000 acres of the Isabela estate. Both of these estates are of agricultural value, but not such as to have attracted tenants. The remaining 100,000 acres of unoccupied land is formed of the unoccupied part of 17 widely separated estates. Instead of designating this as "very choice agricultural land," it might have been truthfully described as unchosen land.

It will therefore be seen that this effort to exploit the Philippine Islands is limited to the reasonable disposition of something less than 200,000 acres of land—it may be to "Americans or other capitalists"—leaving 1,000,000 acres to be held in forest or disposed of under the very strict limitations imposed by the act of July 1, 1902.

Mr. Storey concludes his letter with this statement, which may be taken as the syllabus of his opinion: "I am of opinion, therefore, that the sale of agricultural land to any corporation or association in excess of the amount limited by the provisions of the act which I have quoted is unauthorized and void and that the purchaser acquires no title to the land so sold."

It would be interesting to know if under this view of the case Mr. Storey is of the opinion that the Philippine government was restrained from selling his holding to a Filipino, who was occupying, and whose parents before him had occupied as a tenant, an area on a friar estate in excess of 16 hectares. If so, the law had been violated prior to the sale of this unoccupied estate.

The San Marcus estate of 87 hectares had but one tenant, and he purchased the estate from the government as soon as he could under the liberal terms as to deferred payments provided by the government for the disposal of the estate. It is expected that Emilio Aguinaldo will purchase land held by him as a tenant on the Imus estate, presumably in excess of the 16 hectares limitation.

Mr. Storey also refers in a very pointed manner to the fact that Congress intended to provide that these lands be "administered for the benefit of the inhabitants thereof." It would be interesting to know how Mr. Storey would administer this estate of San Jose for the benefit of the inhabitants of the Philippine Islands. I do not say the "inhabitants thereof," as the estate is uninhabited. The view of the Philippine government was evidently that this was best administered by disposing of it to some person who could utilize it, rather than to hold it unoccupied and as a continuous burden to the Philippine people, who were required to pay 4 per cent annually on the \$300,000 which had been paid therefor.

The price received for it is admittedly a good price. It is hoped that the purchaser will be able to utilize it to the further advantage of the Filipino people. It is the hope of a great many of the Philippine people that it will attract thereto many of the people who are at present being induced to leave the islands for Hawaii to obtain employment on similar estates in those islands.

Briefly, the Philippine government by this act of its legislature practically placed itself with reference to the disposition of approximately 200,000 acres of unoccupied land in the position of a private owner who desired to sell.

This land was unoccupied. In quantity it was inconsiderable compared to land in private ownership and practically negligible as compared to the public domain.

In favor of the legality of the action taken there is the presumption which attaches to the passage of three acts—one of the Philippine Commission and two of the Philippine Legislature—to the formal official opinions of the solicitor general of the Philippine Islands and the Attorney General of the United States, and to the opinion of the very able attorney of the investor.

The question of ownership of agricultural land by a corporation is in no way involved. The sale was to an individual.

Very respectfully,

C. R. EDWARDS,
Brigadier General, United States Army,
Chief of Bureau.

Hon. M. E. OLMSTED,
Chairman Committee on Insular Affairs,
House of Representatives.

Correspondence between the Bureau of insular Affairs and the Governor General of the Philippine Islands.

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, December 6, 1909.

MY DEAR GOVERNOR: I inclose herewith, for your information, copy of a dispatch received by the Associated Press, and furnished to the bureau by one of its representatives, reporting the consummation of the sale of the San Jose estate in Mindoro.

Very sincerely,

(Signed) FRANK MCINTYRE,
Major, Eighth Infantry, Assistant to Chief of Bureau.

Hon. W. CAMERON FORBES,
Governor General of the Philippines, Manila, P. I.

[Copy of dispatch, as stated—inclosure.]

THE ASSOCIATED PRESS.

MADRID, *December 6.*

E. L. Poole, of Habana, Cuba, to-day closed a deal with the Philippine Government for the purchase of the San Jose friars' estate of 5,000 acres in the island of Mindoro. The purchase price was \$357,000. The tract will be used for the conservation of sugar and it is understood that the buyer represented the Havemeyers. The property is a part of the friar estate which was bought from a Catholic Church by the United States.

GOVERNMENT OF THE PHILIPPINE ISLANDS,
EXECUTIVE BUREAU,
Manila, January 11, 1910.

SIR: I have the honor to acknowledge the receipt of your communication of the 6th ultimo, to the Governor General, inclosing copy of a dispatch received by the Associated Press, relative to the sale of the San Jose estate in Mindoro, and beg to advise you that it will be brought to the attention of the Governor General.

Very respectfully,

(Signed)

F. W. CARPENTER,
Executive Secretary.

To the CHIEF OF THE BUREAU OF INSULAR AFFAIRS,
War Department, Washington, D. C.

A true copy.

THOMAS CARY WELCH,
Acting Executive Secretary.

Portion of cablegram from Gen. C. R. Edwards, Chief Bureau of Insular Affairs, to Gov. Gen. Forbes, of the Philippine Islands.

[Cablegram received.]

WASHINGTON, *December 7, 1909.*FORBES, *Manila:*

* * * * *

International Banking Corporation anxious for business sugar company purchasing San Jose estate. In so much as capital to be invested is American capital, I hope they will use American banking facilities.

EDWARDS.

MANILA, *December 8, 1909.*

A true copy.

THOMAS CARY WELCH,
Acting Executive Secretary

Letter of J. Montgomery Strong to L. J. Van Schaick, Governor, Province of Mindoro, introducing Messrs. E. L. Poole and P. A. Prentiss, dated September 7, 1909.

THE LITTLE FALLS NATIONAL BANK,
Little Falls, N. J., September 7, 1909.

Capt. L. J. VAN SCHAICK,
*Governor, Province of Mindoro,
Calapan, Mindoro, P. I.*

MY DEAR GOVERNOR: This will introduce Mr. E. L. Poole and Mr. P. A. Prentiss, who are going out to the Philippines, representing the same interests that I did. If it is possible to acquire a sufficient amount of suitable land, a modern sugar factory is contemplated. Nearly all the land in the Philippine Islands is public land, and the land laws are so framed that the acquisition of a suitable amount of public land for a sugar plantation is impossible. The friar lands are restricted in the same manner. We have no intention of breaking any of the land laws, even if permitted to do so, because we are afraid of serious future troubles and complications. This matter of the land laws has been gone into very carefully and the only possible way in which more than 2,500 acres can be acquired is by the purchase of privately owned land. It would undoubtedly be a great thing for the island of Mindoro to have a modern sugar factory there. If the starting of a sugar plantation is possible by the acquisition of the land necessary, it is proposed to do everything we can toward the civilization of the "Mangyans." This is not a purely philanthropic idea, but is mainly a business proposition. If the Mangyan can be civilized, induced to work, well paid, and properly treated, there will be a good supply of labor for the plantation to draw on. I mention all this because I know you have at heart the development of Mindoro. If this matter is given publicity, it may result in the whole thing falling through, so for the present it would be advisable to keep it as quiet as possible. If you can be of any assistance to these gentlemen, in regard to giving them any information, it will be highly appreciated.

I am sending out a little remembrance of our trip on the *Polillo*, which I trust you will accept with my best wishes and the hope that you may be able to keep "one eye" on the *Capt. Franklin*.

With kind regards to Mrs. Van Schaick and yourself and with many appreciations of your many kindnesses to me while at Calapan, believe me,

Sincerely, yours,

J. MONTGOMERY STRONG.

Statement of the Hon. John A. Martin relative to the cost of producing sugar in the Philippine Islands.

I notice that in the hearings before the Senate Committee on the Philippines, January, 1906, pages 1116 and 1186 (S. Doc. No. 277, 59th Cong., 1st sess.), the figures on the cost of producing sugar in the Philippines are given. They are from seven planters on the island of Negros, one of them being Señor Juan Araneta, reputed to be the best agriculturist in the islands, one from Señor E. R. de Luzuriaga, a relative of Commissioner Luzuriaga, and from five

other planters of more or less note. These figures show a cost of production of 69.4 cents, 62.18 cents, 74.3 cents, 70.7 cents, 82 cents, 74.3 cents, and 89.2 cents, per 100 pounds. I see by the Manila Times that Philippine government has had an expert named Walker down on the island of Negros looking into the sugar industry for a year or more, and that as a result Walker has written a book on the subject. I understand that as a result of his investigations, Walker reports an even lower average cost of production than was reported by these planters several years ago.

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ADMINISTRATION OF PHILIPPINE LANDS.

MARCH 2, 1911.—Ordered to be printed.

Mr. JONES, from the Committee on Insular Affairs, submitted the following as the

VIEWS OF THE MINORITY.

[To accompany H. Res. 795.]

The undersigned members of the Committee on Insular Affairs, being unable to assent to the report made in pursuance of House resolution 795, second session Sixty-first Congress, which resolution reads as follows:

Whereas it has been publicly charged that sales and leases of public lands have been made in the Philippines in violation of law: Now therefore be it

Resolved, That the House Committee on Insular Affairs be, and it is hereby, empowered and directed to make a complete and thorough investigation of the interior department of the Philippine Government touching the administration of Philippine lands and all matters of fact and law pertaining thereto, whether the same are to be had in the United States, the Philippine Islands, or elsewhere, and to report to the House during this Congress all the evidence taken and their findings and recommendations thereon; that in conducting said inquiry said committee shall have power to subpoena and require the attendance of witnesses, to administer oaths, to require the production of books, papers, and documents, whether of a public or private character, and to employ necessary assistance, legal or otherwise, and make necessary expenditures, the cost of said investigation to be paid out of the contingent fund of the House. The powers hereby conferred may be exercised while the House is in session or during the recess of Congress by the committee or any duly appointed subcommittee thereof.

feel constrained, in consideration of the far-reaching importance of the questions of law and of governmental policy involved, not only to withhold their approval of the same, but to set forth as briefly and concisely as may be their conclusions as to what they conceive to be the issues raised in this investigation.

Under the treaty with Spain, which became effective on the 10th day of December, 1898, the United States acquired the public domain of the Philippine Islands, estimated at more than 60,000,000 of acres, of which, it is believed, some 20,000,000 are adapted to agricultural uses.

An act of Congress, approved July 1, 1902, entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," commonly referred to as the organic act, contains a number of sections which

relate to these public lands. The act also authorizes the Philippine Government to purchase certain lands—

which, on the thirteenth of August, eighteen hundred and ninety-eight, were owned or held by associations, corporations, communities, religious orders, or private individuals in such large tracts or parcels and in such manner as in the opinion of the commission injuriously to affect the peace and welfare of the people of the Philippine Islands.

The lands, the purchase of which was then authorized, are commonly known as the friar lands, and were owned by three of the four religious orders of the islands. They were estimated at 400,000 acres, and their purchase was subsequently on the 22d day of December, 1903, consummated. They were paid for out of the proceeds of the sale of \$7,000,000 of 4 per cent, five-thirty Philippine bonds.

The sections of the organic act which, in our opinion, are to be considered in connection with the subject matters of this investigation, are:

Section 4, which defines who shall be citizens of the Philippine Islands. It declares:

That all inhabitants of the Philippine Islands continuing to reside therein who were Spanish subjects on the eleventh day of April, eighteen hundred and ninety-nine, and then resided in said islands, and their children born subsequent thereto, shall be deemed and held to be citizens of the Philippine Islands except such as shall have elected to preserve their allegiance to the Crown of Spain. * * *

Section 12, which provides that "all property and rights," acquired under the treaty with Spain heretofore referred to, except such as shall be designated by the President of the United States for military and other reservations of the United States, shall be—

placed under the control of the government of said islands to be administered for the benefit of the inhabitants thereof.

Section 13, which provides for the classification of the public lands, other than timber or mineral lands, according to their agricultural character and productiveness, and directs that rules and regulations for the lease, sale, or other disposition of such lands shall be made, but that they—

shall not go into effect or have the force of law until they have received the approval of the President, and when approved by the President they shall be submitted by him to Congress at the beginning of the next ensuing session thereof, and unless disapproved or amended by Congress at said session they shall at the close of said period have the force and effect of law in the Philippine Islands: *Provided*, That a single homestead entry shall not exceed sixteen hectares in extent.

Section 14, which authorizes the Philippine Government to enact "rules and regulation" and to prescribe "terms and conditions" to enable a certain class of persons to perfect their titles to public lands in the islands, and empowers the Philippine Commission to issue patents, without compensation, to any "native of the islands," conveying title to any tract of land, not more than 16 hectares in extent, which was a part of the public lands and had been actually occupied by such native or his ancestors prior to and on the 13th of August, 1898.

So much depends upon a clear understanding and proper construction of section 15 that it is given in extenso:

SEC. 15. That the Government of the Philippine Islands is hereby authorized and empowered, on such terms as it may prescribe, by general legislation, to provide for the granting or sale and conveyance to actual occupants and settlers and other citizens of said islands such parts and portions of the public domain, other than timber

and mineral lands of the United States in said islands, as it may deem wise, not exceeding sixteen hectares to any one person, and for the sale and conveyance of not more than one thousand and twenty-four hectares to any corporation or association of persons: *Provided*, That the grant or sale of such lands, whether the purchase price be paid at once or in partial payments, shall be conditioned upon actual and continued occupancy, improvement, and cultivation of the premises sold for a period of not less than five years, during which time the purchaser or grantee can not alienate or encumber said land or the title thereto; but such restriction shall not apply to transfers of rights and title of inheritance under the laws for the distribution of the estates of decedents.

Section 16, which provides that in granting or selling any part of the public domain under section 15, preference in all cases shall be given to actual occupants and settlers, and that such public lands of the United States in the actual possession or occupancy of any native of the Philippines shall not be sold to any other person without the consent thereto of said prior occupant or settler first had and obtained; and which also provides that the prior right thus secured to any occupant of land who can show no other proof of right than possession, shall not apply to more than 16 hectares in any one tract.

Section 21, which provides "that all valuable mineral deposits in public lands in the Philippine Islands, both surveyed and unsurveyed, are hereby declared to be free and open to exploration, occupation, and purchase, and the land in which they are found to occupation and purchase, by citizens of the United States, or of said islands," etc.

Also sections 63, 64, and 65, which will be set forth and considered later on.

It will be observed that section 4 of the organic act relates solely to the question of citizenship. It defines who, and only who, are to enjoy the rights and privileges which attach to citizenship in the Philippine Islands. Neither this section nor any other section of the act of Congress now under consideration has conferred the right of citizenship upon any other inhabitant of the Philippines than those specifically described therein. No act of Congress subsequently enacted has conferred, or attempted to confer, Philippine citizenship upon any persons other than those comprised within the terms of this section of the organic law. There is no power in the Philippine Government to add to or to take from the citizenship qualifications as defined in section 4 of this act.

The other six sections of the organic act to which attention has been specifically directed relate to the public lands in the Philippine Islands acquired by the United States from the Crown of Spain.

The thirteenth section provides for a certain classification of the agricultural lands and directs that "rules and regulations" for the lease, sale, or other disposition of them shall be made.

The fourteenth section, as has been seen, authorizes the Philippine Government to prescribe the "terms and conditions" as well as to enact the "rules and regulations" to enable persons to perfect their title to public lands, who, prior to the transfer of sovereignty from Spain to the United States, had fulfilled all or some of the conditions required by Spanish laws and decrees, but who, nevertheless, had failed to secure conveyance of title. For just and obvious reasons no restrictions as to citizenship are imposed upon the persons who are permitted by the terms of this section to perfect their inchoate titles, nor are any limitations as to quantity superimposed upon the lands to be conveyed to such persons. Authority is also found in this

section for issuing patents without compensation to any native of the islands conveying title to not more than 16 hectares of such public lands as had been actually occupied by such native prior to and on the 13th of August, 1898. It will be noted then that this section secures and protects the inchoate titles of those persons who, prior to the transfer of Spanish sovereignty to the United States, had acquired some rights in the public lands then the property of the Crown of Spain, and that it also confirms title, not exceeding 16 hectares to one native, to such public lands as prior to the 13th of August, 1898, were in the actual occupancy of natives.

Provision is made in sections 15 and 16 for the "granting or sale and conveyance" of those portions of the agricultural public lands acquired from Spain which do not come within the provisions and exceptions of section 14.

The Philippine Government is authorized in section 15 to grant or sell and convey to actual occupants and settlers (other than those natives whose actual occupancy antedated the 13th day of August, 1898, and whose rights to the extent of 16 hectares of land are safeguarded under the terms of section 14) and other citizens of said islands "such parts and portions of the public domain, other than timber and mineral lands, as it may deem wise," not exceeding 16 hectares to any one person. It is also prohibited from selling or conveying more than 1,024 hectares to any corporation or association of persons. Preference is given under the terms of section 16 to actual occupants and settlers as to all grants or sales authorized in section 15.

It is a conceded fact that, assuming to act under authority of section 15, the bureau of public lands of the department of the interior in the Philippine Islands has "granted or sold and conveyed" to persons who are not "citizens" of those islands certain "parts and portions of the public domain" acquired by the United States from Spain, other than timber or mineral lands. Thus we are confronted at the very threshold of this investigation with the consideration of a grave legal question.

The Philippine Government is authorized under the specific terms of section 15 to dispose of "to actual occupants and settlers and other citizens" of the islands such parts and portions of the agricultural lands (excluding those the disposition of which is provided for in section 14) as it may deem wise, within, of course, the limitations as to quantity therein provided. In our opinion there is but one construction to be placed upon the words "actual occupants and settlers and other citizens." They are in themselves clear and free from all ambiguity or doubt. There can be no uncertainty, we think, as to their true intent and meaning. Citizens of the Philippine Islands, and only such citizens, can, under the very letter of the law, acquire under the provisions of section 15 any portion of the public lands ceded to the United States by the Kingdom of Spain. There are four classes of persons who, under the terms of sections 14 and 15, can acquire title to these public lands. All persons who had acquired equitable interests in tracts or parcels prior to the transfer of sovereignty over the islands are permitted under the provisions of section 14 to perfect their titles. These persons may or may not be citizens, and no statutory limitations as to the quantity of land thus confirmed and secured to them are imposed in this or any other

section of the organic act. This section also provides for the issuance of patents to native Filipinos, without compensation, for public lands actually occupied by them (not in excess of 16 hectares to any one such occupant) prior to the 13th day of August, 1908. All natives of the islands are, by section 4, made citizens. The other two classes are embraced in section 15. If section 15 had merely provided that those portions of the public lands not disposed of under section 14 might be sold to "citizens" of the islands, it is not believed that it would be contended in any quarter that such lands could be sold to aliens.

The employment of the words "actual occupants and settlers and other citizens" was made necessary because "occupants and settlers" who became such subsequent to August 13, 1898, are given preference as to their holdings over "other citizens," although, unlike those occupants whose occupancy was prior to that date, they were, along with "other citizens," required to purchase them.

It seems to us to be perfectly clear from a careful consideration of the purposes and objects obviously intended to be attained by the framers of sections 14 and 15, as well as from the explicit and unambiguous language employed in section 15, defining the persons who could purchase lands, that the sale of such lands, made under that section, is confined to citizens of the islands.

All doubt which may by anybody be entertained as to the correctness of this conclusion must, we think, be removed by an examination of the provision which relates to the sale of mineral lands, contained in section 21, to which reference has heretofore been made. It is therein declared that the public lands in the Philippine Islands in which "valuable mineral deposits" are found shall be open to "occupation and purchase by citizens of the United States or of said islands." A clear distinction is here made between mineral lands and agricultural lands. Citizens of the United States are permitted under section 21 to share with those of the Philippines the benefits which may be derived from the ownership of public lands in which there are to be found "valuable mineral deposits."

The ownership of agricultural lands, for manifest reasons, is by the express terms of section 15 confined exclusively to the citizens of the Philippine Islands in their individual and corporate capacities. It is difficult to understand how this eminently just and proper policy with reference to the disposition of the public domain could be more clearly set forth and expressed when sections 14 and 15 are read and considered together, as they should be.

In further support of our interpretation of the meaning of the words "actual occupants and settlers and other citizens," as they appear in section 15, it may be added that the right to enter vacant coal lands is by section 53 expressly confined to persons who are citizens of the United States or of the Philippine Islands, or who have "acquired the rights of a native of said islands under and by virtue of the treaty of Paris, or any association of persons severally qualified as above."

If, therefore, for the above reasons, our contention is sound that the right to acquire, by purchase, agricultural public lands is confined to citizens of the Philippine Islands, then it must follow that all sales made of such lands to citizens of the United States or other aliens are illegal, any enactments of the Philippine Government to the contrary notwithstanding.

THE FRIAR LANDS.

The authority for the acquisition and disposition of the friar lands by the Philippine Government is to be found in sections 63, 64, and 65 of the organic act, which read as follows:

Sec. 63. That the Government of the Philippine Islands is hereby authorized, subject to the limitations and conditions prescribed in this act, to acquire, receive, hold, maintain, and convey title to real and personal property, and may acquire real estate for public uses by the exercise of the right of eminent domain.

Sec. 64. That the powers hereinbefore conferred in section sixty-three may also be exercised in respect of any lands, easements, appurtenances, and hereditaments which, on the thirteenth of August, eighteen hundred and ninety-eight, were owned or held by associations, corporations, communities, religious orders, or private individuals in such large tracts or parcels and in such manner as in the opinion of the commission injuriously to affect the peace and welfare of the people of the Philippine Islands. And for the purpose of providing funds to acquire the lands mentioned in this section said Government of the Philippine Islands is hereby empowered to incur indebtedness, to borrow money, and to issue, and to sell at not less than par value, in gold coin of the United States of the present standard value or the equivalent in value in money of said islands, upon such terms and conditions as it may deem best, registered or coupon bonds of said government for such amount as may be necessary, said bonds to be in denominations of fifty dollars or any multiple thereof, bearing interest at a rate not exceeding four and a half per centum per annum, payable quarterly, and to be payable at the pleasure of said government after dates named in said bonds, not less than five nor more than thirty years from the date of their issue, together with interest thereon, in gold coin of the United States of the present standard value or the equivalent in value in money of said islands, and said bonds shall be exempt from the payment of all taxes or duties of said government, or any local authority therein, or of the Government of the United States, as well as from taxation in any form by or under State, municipal, or local authority in the United States or the Philippine Islands. The moneys which may be realized or received from the issue and sale of said bonds shall be applied by the Government of the Philippine Islands to the acquisition of the property authorized by this section, and to no other purposes.

Sec. 65. That all lands acquired by virtue of the preceding section shall constitute a part and portion of the public property of the Government of the Philippine Islands, and may be held, sold, and conveyed, or leased temporarily for a period not exceeding three years after their acquisition by said government on such terms and conditions as it may prescribe, subject to the limitations and conditions provided for in this act: *Provided*, That all deferred payments and the interest thereon shall be payable in the money prescribed for the payment of principal and interest of the bonds authorized to be issued in payment of said lands by the preceding section and said deferred payments shall bear interest at the rate borne by the bonds. All money realized or received from sales or other disposition of said lands or by reason thereof shall constitute a trust fund for the payment of principal and interest of said bonds, and also constitute a sinking fund for the payment of said bonds at their maturity. Actual settlers and occupants at the time said lands are acquired by the government shall have the preference over all others to lease, purchase, or acquire their holdings within such reasonable time as may be determined by said government.

In section 65 it is declared that the lands acquired by virtue of section 64 shall "constitute a part and portion of the public property of the Government of the Philippine Islands." But it is seriously contended that these lands should not be classified or treated as a part of the "public lands" or "public domain" for the reason that they are specifically constituted a part of what is designated as the "public property" of the islands, and for the further reason that they were acquired by purchase, whilst the "public lands" ceded by Spain to the United States were placed under the control of the Philippine Government by the United States to be administered for the benefit of the inhabitants of the islands. It is held that for these and other assigned reasons, to be later noticed, the limitations as to quantity and the condition of citizenship imposed in section 15 have no application to friar lands. It may be remarked at the outset that the "public lands"

themselves are in section 12 designated as "property," and it may be suggested that it has not by anybody been made apparent why the bare fact that the friar lands were acquired by purchase rather than by gift should constitute a reason for the belief that Congress intended to confer upon the director of the bureau of public lands and the secretary of the department of the interior the power to dispose of the whole of the unoccupied friar lands to one individual, not a citizen, or even a resident, of the islands. The words "public property" embrace real as well as personal property. It were easy to produce high judicial authority to support this proposition. "A distinction has been made between property and domain * * *." "But," says Puffendorff, "this distinction is too subtle for practical use."

Section 65 authorizes the temporary leasing of the friar lands for a period of not exceeding three years on such "terms and conditions" as the "Government may prescribe," but no sale of any part of these lands can be made that is not "subject to the limitations and conditions provided for" in the act of Congress of July 1, 1902. It is contended in the report of the majority that this language could not refer to the limitations and conditions contained in section 15, because by the last sentence in the section in which these words are found it is declared that "actual settlers and occupants at the time said lands are acquired by the Government shall have the preference over all others to lease, purchase, or acquire their holdings," etc. It can not be supposed, it is argued, that this provision is subject to the 16-hectare limitation of section 15, since it specifically and clearly permits actual settlers and occupants to purchase "their holdings," whatever may be their extent. On the contrary, it is contended that if the limitations and conditions set forth in section 15 apply to any sales of friar lands made by virtue of section 65, they must apply to all such sales. The complete and unanswerable reply to this is that section 65 only makes sales to persons other than actual settlers and occupants subject to the limitations and conditions of the act of which that section is but a part. The sales to settlers and occupants contemplated are by its very terms excepted from such limitations and conditions as are imposed upon all other sales thereunder. It is expressly "provided" in section 65 that sales to settlers and occupants shall embrace their entire holdings if they so elect, anything in the section to the contrary notwithstanding. Except for the proviso in this section the moneys realized from the sales of these friar lands instead of constituting "a trust fund for the payment of the principal and interest" of the bonds, from the sale of which the money was realized to purchase these lands, and "a sinking fund for the payment of said bonds at their maturity," would, under the requirements of section 17, be "covered into the insular treasury" and be subject "to appropriation for insular purposes according to law."

But, say the majority, the proviso to section 15 provides as to public lands—

that the grant or sale of such lands, whether the purchase price be paid at once or in partial payments, shall be conditioned upon actual and continued occupancy, improvement, and cultivation of the premises sold for a period of not less than five years, during which time the purchaser or grantee can not alienate or encumber said land or title thereto—

and that if any part of this section applies to friar lands it all applies. In our opinion it all does apply to the friar lands sold to persons

other than settlers and occupants; and we can conceive of no reason of policy why the restrictions above quoted should apply to public lands as distinguished from friar lands any more than to the friar lands. In our opinion it is entirely "reasonable to suppose that Congress" intended that the friar lands should not be sold in larger quantities than it is permitted that the public lands shall be sold, or that they should be sold under less rigid restrictions.

The area of the public agricultural lands is a hundredfold greater than that of the unoccupied friar lands. Is it "reasonable to suppose" that Congress intended to confer upon any official or officials of the Philippine Government the power to sell the whole of the 200,000 acres of unoccupied friar lands to one American capitalist, when it is not permitted to any native to purchase in excess of 40 acres of the vast public domain? The very thought is monstrous. The only reason advanced in favor of a proposition so contrary to all sense of justice, propriety, and sound public policy is that the Government desires to realize as rapidly as possible from the sale of the friar lands the money with which to pay off the "friar land bonds." Whilst it is true that the law devotes the proceeds of the sale of these lands to this object, there is nothing which prevents the proceeds of the sales of the public domain to be so applied, nothing which prevents the application of the general revenues of the islands from being used to pay either the principal or the interest due, or to become due, upon these bonds.

It was well understood when the legislation which authorized the acquisition of the friar lands was enacted that the probabilities were they could never be disposed of for a sum sufficient to reimburse the insular treasury. Nobody was sufficiently optimistic to believe that they could be disposed of upon such terms as would enable the Government to meet promptly, if ever, the obligations incurred in their purchase. Their acquisition was justified solely upon the ground of political necessity. Their ownership by the friars was responsible for the insurrection against Spain which preceded American occupation, and it was believed that unless this ownership was permanently ended it would result in riots and revolution. The sole object had in view by Congress in providing for their purchase was to divest the friars of the ownership of these lands and to put them into the hands of the native tenants. It was a serious agrarian question which confronted the anomalous Philippine Government, and one which threatened the peace and order of the islands. The friars had been driven from the lands, and, after many had been killed, the survivors had sought safety in Manila. They were threatening ejectment proceedings in the courts, and the situation from a religious and social standpoint, as well as a political, was most grave and menacing. In his testimony given before the Insular Affairs Committee the Hon. William H. Taft, then president of the Board of Commissioners of the Philippine Islands, declared that—

the solution of the problem of riot and renewed insurrection, if they (the friars) are restored to the possession of the land and given that which is their legal right, seems to the commission to be the purchase of the lands and their sales to the tenants on long and easy payments.

Again he testified:

The Government may, by liberal terms to the tenants, enable the tenants, by payments strung over a long number of years, to become the owners of the lands.

The sequel shows that three sugar producers of the United States have acquired 55,000 acres of these lands in one body. But there was evidently no thought in the mind of Mr. Taft that they would be offered for sale, and actually sold, to wealthy Americans in large bodies. It was to avoid just such a condition as this that their purchase was urged upon Congress.

In this connection it is well enough to note that the act of Congress under which the Philippine Government acquired these lands only authorized the purchase of lands—

which, on the thirteenth of August, eighteen hundred and ninety-eight, were owned or held by associations, corporations, communities, religious orders, or private individuals in such large tracts or parcels, and in such manner as in the opinion of the commission injuriously to affect the peace and welfare of the people of the Philippine Islands.

It is the contention of those responsible for the existing policy of disposing of these lands in large areas to nonnatives and nonresidents that they have only so disposed of the unoccupied lands which constituted about one-half of all the friar lands purchased. Then why were these large tracts of unoccupied lands acquired? Surely there could have been no agrarian question involved in their purchase—no political exigencies could have dictated their acquisition. If it be replied, as has been contended, that the friars would sell either all or none of their holdings, it may be rejoined that they still own, as developed by the testimony, several large and valuable tracts, the Mandaloyan estate, for instance, which is located upon the Pasig River, and not far from the city of Manila, and which contains more than 10,000 acres. Then, too, there is another estate called the San Juan del Monte, also near Manila. All of these estates withheld from sale by the friars were and still are thickly populated by native tenants of the friars to get rid of whom as landlords the Philippine Government incurred an indebtedness of approximately \$7,000,000.

In reaching the conclusion to which we have come, that the limitations contained in section 15 as to the quantity of public lands which can be sold to individuals and corporations apply equally to sales of friar lands made to persons other than settlers and occupants, we have not considered to any extent the various land acts of the Philippine Government. That the friar-lands act should recite that the friar lands "are not public lands" in the sense in which these words are used in the public-lands act is not even persuasive to our minds that they are not subject to the limitations contained in section 15 of the act of Congress of July 1, 1902. For, it is true, that whilst this appears to have been the theory of those responsible for the passage of the friar-lands act, it was never put into actual practice until four years after the enactment of that act. But, upon this phase of the subject, more will be said later on.

The construction placed by us upon those provisions of the act of Congress of July 1, 1902, which relate to public agricultural lands and friar lands differs widely from the views expressed upon these purely legal questions in the report of the majority, and yet, whilst we entertain the highest respect for the legal attainments of the distinguished gentlemen whose names are appended to that report, we feel that our interpretation is not only in strict conformity with the accepted rules of legal interpretation, but also in perfect harmony with the objects sought to be attained by this legislation. Nothing that has been

developed in this investigation goes to show that those charged with the responsibility of administering the land laws of the Philippine Islands have been guilty of any wrongdoing.

Having, too, obtained and acted upon the advice of the highest law officers of the Philippine Government, they can not be justly blamed for any mistakes of law upon their part if mistakes there were.

With this imperfect presentation of our conclusions as to the legal questions involved in this investigation, we shall now proceed to set forth some of the more important testimony produced at the hearings before the Committee on Insular Affairs which, in our opinion, thoroughly condemns and discredits the policy pursued in the Philippines by those whose duty it is to administer those land laws.

THE SAN JOSE ESTATE.

One of the transactions out of which this investigation has grown is that which relates to the sale of the San Jose estate of 55,000 acres on the island of Mindoro. The certificate of sale was executed at Manila on November 23, 1909. It was announced both in the Philippines and at the Bureau of Insular Affairs in this city that the sale of the San Jose estate had been made to one Edward L. Poole. This certificate of sale provided for the conveyance of the land to Poole "or his nominees," showing that this man was acting entirely in a representative capacity. It also appears from the testimony of the director of public lands that between December 6 and 10, 1909, the director discovered that Poole represented a corporation known as the Mindoro Development Co., of New Jersey. This fact was disclosed to the director at a time when he had under consideration the execution of new or amended certificates of sale, whereby the estate would be cut into two large tracts and a smaller tract of 200 hectares, which was to be deeded directly to the corporation for a mill site, railroad headquarters, and other purposes incident to the operation of a large sugar plant. It is admitted that no effort was made to ascertain who or what Poole's prospective nominees might be.

On January 4, 1910, sale certificate No. 1 was canceled and in lieu thereof there was issued sale certificates Nos. 2 and 3, providing for the conveyance of the land to Poole "or his corporate or individual nominees." This was after Mr. Poole had disclosed that he represented a corporation.

On January 9, 1910, Mr. Poole executed a declaration of trust, stating specifically that—

in purchasing the said estate (he) was acting as the agent for Horace Havemeyer, Charles J. Welch, and Charles H. Senff, who furnished the entire amount paid by him for said property.

It also set forth that Poole held the property in trust for the benefit of these men, and that he had no interest in the same other than the bare legal title, and it bound him—

to convey the said property to such persons, firms, or corporations as said persons shall from time to time direct, free and discharged from any claim or liability to him by reason of any act whatsoever.

The Mr. Havemeyer mentioned in the declaration of trust is Mr. Horace Havemeyer, who at the time of the purchase was a director of the American Sugar Refining Co., commonly known as the Sugar

Trust. Mr. Charles H. Senff was at that time a stockholder in this corporation. He was once the vice president of and also a director in this concern. The Government was then pressing civil and criminal investigations against these two gentlemen and Mr. Senff was under indictment by a Federal grand jury.

MINDORO DEVELOPMENT CO.

The above-named purchasers of the San Jose estate organized the Mindoro Development Co. under the laws of the State of New Jersey on December 8, 1909, with a capitalization of \$100,000, with almost unlimited powers as to the various kinds of business in which it could engage, including the right—

to invest in, hold, subscribe for, buy, sell, and in any other manner acquire and dispose of the stocks, bonds, and other obligations of other corporations, and while the owner of any such stocks, bonds, or any other obligations to exercise all the rights, powers, and privileges of ownership thereof, including the right to vote.

The incorporators of the company were Robert J. Bain, Samuel S. Moore, and Charles E. Scribner, all of New Jersey, who were admitted by Mr. Havemeyer and Mr. Welch to be dummies, having no real interest in the company.

The capitalization of the company was increased from \$100,000 to \$1,000,000 on January 5, 1910, which was the day following the receipt of a cable from Mr. Poole to Manila containing the information that the final certificates of sale had been issued, referring to certificates Nos. 2 and 3. Messrs. Havemeyer, Welch, and Senff became the holders of \$250,000 each of paid-up capital stock, the remaining \$250,000 being left in the treasury. Mr. Havemeyer transferred 50 shares of the stock standing in his name to his relative, H. O. Havemeyer, and Mr. Welch transferred 500 shares to Welch & Co., a California corporation controlled by the Welch family. Mr. Welch was elected president of the Mindoro Co., and Mr. Horace Havemeyer treasurer. The company is now engaged in the erection of a large sugar plant upon the San Jose estate.

Mr. Edward L. Poole has been from the beginning and is now the managing agent of both the San Jose estate and the Mindoro Development Co. Mr. Welch testified upon this subject in these words:

As far as the San Jose estate and the Mindoro Development Co. is concerned there is a mighty close community of interest. We are practically the same. There is no getting away from that.

THREE CALIFORNIA COMPANIES.

The San Jose estate lies upon the seacoast, its nearest point being about 12 miles from Mangarin Bay, which affords the only available harbor, and upon which the Mindoro Development Co. has secured a foreshore lease for 99 years. In order to give the Mindoro Co. and the San Jose estate complete land connections with the harbor, and at the same time afford a railroad right of way, three agricultural companies were organized at San Francisco under the laws of California. These three companies were the San Carlos, the San Francisco, and the San Mateo agricultural companies. They were organized at the instance of Mr. Welch by his relatives, including his wife, his brother, and his

brother-in-law. Aside from his relatives and connections, the incorporators of these companies were employees of the Welch family. Mr. Welch said of them in his testimony:

We are quite a family party.

Mr. Edward L. Poole is also the managing agent of these three companies, and, acting in that capacity, he filed applications for nearly 2,500 acres of public land for each. The lands of these companies lie between and connect the San Jose estate with the harbor leased by the Mindoro Development Co.

The Mindoro Development Co. has built a railroad from the San Jose estate across the lands of these companies to Mangarin Harbor, the work of surveying the line having been begun in the first week in January, 1910. No permission was asked or given to build this railroad across the lands of the California company, as was done.

It was developed in the testimony that Mr. Poole received practically all of his instructions in respect to the three California companies from Mr. Welch.

Considering these astounding facts, it is difficult to escape the conclusion that the land laws of the Philippines are being evaded in the most shameless manner, even if we can be mistaken in our construction of those laws. Section 75 of the congressional act provides that—it shall be unlawful for any member of a corporation engaged in agriculture or mining, or for any corporation organized for any purpose except for irrigation, to be in any wise interested in any other corporation engaged in agriculture or in mining.

There was testimony to the effect that an affidavit had been supplied to the Philippine Government in which it was stated in effect that there had been no violation of this provision of law by the owners of the various concerns. Appearances would seem to indicate the contrary, however.

SALES AND LEASES TO GOVERNMENT OFFICIALS AND EMPLOYEES.

The testimony shows that the practice obtains of selling and leasing public and friar lands to officials of the Philippine Government. Practically all the executive officers and many other Government employees own tracts of land in Baguio, the summer capital of the Philippines. The assistant director of public lands has pending an application for the lease of 2,500 acres of public lands. A large number of corporations composed of Government officials and employees have acquired public lands or portions of the friar estates. The solicitor general of the Philippine Islands, who rendered an opinion holding that the limitations contained in section 15 of the act of Congress did not apply to the friar lands, is president of one of these concerns, and numerous other officials are at the head of land companies. The practice is permitted of Government officials staking prospectors to locate mining claims for them. Among the lessees of public lands are E. L. Worcester, nephew of secretary of the interior, Dean C. Worcester. For criticizing the granting of this lease several of the editors and proprietors of a Filipino newspaper, one of whom is a member of the Philippine Assembly, have been sentenced to the penitentiary, and in a civil suit been adjudged to pay to Secretary Worcester heavy damages.

THE TALA ESTATE.

The Tala estate is a body of friar lands comprising 16,740 acres and lying at its nearest boundary within a few miles of the city of Manila. The unoccupied lands of this estate, some 13,000 acres, were leased to Frank W. Carpenter, executive secretary of the Philippine Government, on April 20, 1908. The lease contains the following extraordinary provisions, which are to be found in no other agreements entered into by the Philippine Government:

Paragraph 5 provides that the Government shall sell these leased lands to Mr. Carpenter—

If the Legislature of the Philippine Islands shall amend the friar lands act by making provision for the sale of large tracts of the friar lands to persons not actual and bona fide occupants as defined therein.

As before stated, the date of this agreement was April 20, 1908, and on June 3, 1908, or six weeks thereafter, the Philippine Assembly passed the amendatory act, under which the insular government claims to derive authority to sell the friar estate in large tracts.

Paragraph 10 reads as follows:

It is agreed that the party of the first part will, in his official capacity, endeavor to obtain on the Tala estate, adequate police protection and to secure all possible assistance from the Government for the construction of highways and bridges on and to the lands of said estate.

In pursuance of this agreement a concrete steel reinforced bridge has been built by the Government at a cost of \$10,000 in gold. In addition to this costly bridge about 15 culverts, all of concrete steel-reinforced, have been built in pursuance of this agreement. About 1 mile of road has been macadamized. It is proper to add that witnesses testified that these improvements benefited the country through which the road passed, and that therefore all the benefits derived therefrom did not accrue to the Carpenter estate. In the latter part of last June Mr. Carpenter relinquished some 9,000 acres of the land acquired by him to Filipinos, so that his present holdings are about 4,000 acres.

The foregoing constitute but a part of the land transactions which have recently taken place in the Philippines, and which have given rise to the severe criticism which has been directed against the Philippine Government. In our opinion it is most unfortunate that the bureau of public lands should have inaugurated a new policy in respect to the sale of the friar lands, and that this new policy should have first been carried into effect in an agreement entered into with a prominent American, who holds the high and most important position of executive secretary. Mr. Carpenter enjoys an enviable reputation, both as a man and an official, and, it is said, has ingratiated himself into the esteem and good will of the Filipinos to an exceptional degree. For reasons entirely personal to himself there has not been manifested toward him the ill feeling which would have been directed against almost any other American resident of the islands who might have secured an agreement to purchase friar lands containing stipulations similar to those contained in his agreement. Notwithstanding that the Philippine act of April 26, 1904, declared that the friar lands were not "public lands" they were so treated up to the time when Mr. Carpenter obtained a lease for a large body of them, containing a stipulation that he might purchase

them outright in the event that the legislature so amend the friar-lands act as to enable him so to do. It is difficult to believe that he would have been willing to lease "temporarily for a period not exceeding three years" so large a body of unimproved lands unless he had been given assurances of a very satisfactory nature that the law would be amended so as to permit him to purchase them. As a matter of fact it was so amended in a few weeks after his lease was executed.

In conclusion, we wish to emphasize what has hereinbefore been said in respect to the policy which has of late obtained in the Philippine Islands in regard to the sale and other disposition of the vast public domain of those islands, whether these lands be known as public lands or friar lands. They are the property of the people of the Philippines, and should be administered and disposed of solely in their interest and for their benefit. They are thoroughly united in their opposition to the policy of exploitation to which the bureau of public lands seems to be so resolutely committed and which is being pursued with utter disregard of the opinions and wishes of those most interested. That the officials whose duty and responsibility it is to administer the public-land laws have, at least until recently, entertained doubts as to the legality of the policy pursued by them is evident from the fact that they have so frequently sought and obtained legal opinions with which to fortify their position. In our opinion these doubts should have been resolved in the interest of the citizens of the islands rather than in that of the aliens, whose purpose it was to exploit the islands. To our minds, the law governing the disposition of these lands is so clear that there is no need for any resort to the courts in respect to it. If the policy laid down in the act of Congress of July 1, 1902, is a narrow and mistaken one, then Congress should change it. It alone is clothed with the power to do so.

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